

# Bitou Municipality

## Annual Report

### 2016/17





# ANNUAL REPORT

2016/17

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## CHAPTER 1

### COMPONENT A: MAYOR'S FOREWORD

The 2016/2017 financial year will not only be remembered as a year of changes, but also as a year of tremendous challenges, with specific reference to the vacancies in the Senior Management personnel structure of the municipality.

The AUF / ANC coalition took over the governance of the municipality from the DA after the 2017 municipal elections and were immediately confronted with the resignations of both the Municipal Manager and Chief Financial Officer. The resignations of the Head of Corporate Services as well as that of the Head of Community Services followed shortly after the aforementioned resignations which had left the municipality with personnel acting in these important vacant positions. The senior personnel structure had suffered another setback with the resignation of the then Acting Chief Financial Officer, who had also filled the position of Senior Manager Budget and Treasury.

The ANC/ AUF coalition, was terminated as a result of various reasons and a coalition with the DA materialized.

The municipality, had however, through these difficult situations still managed to maintain the high standards of service delivery and improved the infrastructure by completing various capital projects. This is evident of the fact that the “political instability” did not have a major negative influence on the administration.

We will continue to create and maintain a healthy and stable administrative environment where external political factors are not being allowed to exercise and/or intervene with the effective implementation of service delivery.

The Council had, as a result of the inputs and contributions from the community, identified the following strategic objectives:

- Build a capable, corruption free administration that is able to deliver on develop mandate;
- Grow local economy, create jobs, empower previously disadvantaged and transform ownership patterns;
- Manage expenditure prudently, grow the revenue base and build long term financial stability so as to invest in social and economic development;
- Universal access to decent quality of services;
- Spatially integrate areas separated by apartheid, promote access for the poor to work and create recreational and commercial opportunities;
- Eradicate poverty and uplift previously disadvantaged communities and promote social cohesion;
- Promote an active and engaged citizenry, able to engage with and shape the municipality's programs.

#### CAPITAL

The following represent some capital projects that were completed:

##### Water

- Kwano civil services Phase 4
- Supply to Kwano and surrounds

R1 848 000

R1 574 000

• Kranshoek new water supply	R2 632 000
• Reticulation upgrades and replacements	R968 000
• New Wadrift Dam	R1 732 000
• Dunes Upgrade water pipelines	R649 000

• Waste Water (Sanitation)

• Kwano upgrade outfall sewer	R786 000
• Kwano Civil Service Phase 4	R3 817 000
• New Horizons	R401 000
• Kranshoek upgrade pump stations	R988 000
• Plett upgrade Ganse Vallei	R549 000
• Piesang Valley Upgrade Pump Stations	R3 900 000

• Electricity

• Plett Street Lights	R473 000
• New Horizons Electrification	R818 000
• Kwano Upgrade Bulk Electricity	R6 200 000
• Poortjies Upgrade Main Supply	R1 065 000
• Goose Valley Upgrade Main Supply	R1 356 000
• Plett Upgrade Mini Subs	R948 000

• Waste Management

• Waste Transfer Station	R1 409 000
• Waste drop – off facility	R864 000

• Housing

• Number of houses built	82
• Number of sites serviced	346
• Total allocation spent	R67 429 000

Capital spending had indeed improved, from 86% at 30 June 2016 to 89.11 % at 30 June 2017.

### AUDIT OUTCOME

The municipality had for the first time in two years, not received a clean audit outcome, but an “Unqualified Audit Report”. This was mainly as result of the loss of senior personnel.

The Chief Financial Officer was appointed during May 2017 which will ensure that the necessary guidance and direction will be provided. The problem areas were also identified and strict measures will be implemented to address those areas.

### PUBLIC PARTICIPATION

We place a high value on public participation and will continue not only to keep the public informed, but to continuously obtain their opinion regarding various aspects. The Annual Report is only one of the mechanisms being utilized to keep the public informed.

### FINANCIAL POSITION

The financial viability of the municipality, with specific reference to the current ratio, had improved from 1.57 to 1.73.

This is evidence of prudent cash management and an improved liquidity position, as reported in the foreword of the Municipal Manager.

The financial position of the municipality should however be closely monitored and carefully managed.

The total value of tenders awarded amounted to R 210 390 000;

The Council had subsidized free basic services to indigent households for 4274 households;

Although the debtor payment percentage had decreased from 98% to 93.11 %, can it still be considered as satisfactorily.

### JOB CREATION

The municipality had through the EPWP programs, created the equivalent of 219 FTE's (Full Time Employees) in an effort not only to bring relief to the unemployed, but also to stimulate the economy.

The municipality still faces major challenges in respect of the current drought, the consistent demand for housing and the replacement of ageing infrastructure.

We are however confident that the challenges will be overcome and that the service standards will be maintained.

We will continue to strive “to be the best together” in an effort to develop the greater Plettenberg Bay for the benefit of all the citizens.

**P LOBESE**

**EXECUTIVE MAYOR**



## MUNICIPAL MANAGER'S OVERVIEW

### 1.1 MUNICIPAL MANAGER'S OVERVIEW

The 2016/17 financial year will be remembered as a year of changes. Not only had the political governing sector changed, but the management of the municipality was also severely affected by various changes in its Senior Management structure.

An AUF – ANC coalition took the governing reigns over from the previous DA Council immediately after the August 2016 municipal elections. The coalition had however ended during May 2017 where after a new coalition between the AUF and the DA materialized.

The Municipal Manager, Mr. A. PULSE, had left the services of the municipality at the end of August 2016 and the following Heads of Department had acted in the position of Municipal Manager:

- ⌚ Mr. R. Smit – HOD: Corporate Services – September 2016;
- ⌚ Mr. M. Stratu – HOD: Community Services – October 2016 to November 2016
- ⌚ Mr. D. Friedman: HOD: Strategic Services – November 2016 to January 2017.

Mr. T. C. Ndlovu was appointed as Municipal Manager and commenced with duties on 05/02/2017.

The Chief Financial Officer, Mr. F. Lotter, had left the services of the municipality on 31 August 2016 and the following personnel had acted as Chief Financial Officer:

- ⌚ Mr. M. Memani – Snr. Manager Budget and Treasury – September 2016 to February 2017;
- ⌚ Mr. G. J. Groenewald – Strategic Manager – March 2017 – April 2017.

Mr. V. Mkhefa was appointed Chief Financial Officer and commenced with duties on 01 May 2017.

The HOD Corporate Services, Mr. R. Smit, had resigned during September 2017 and the following personnel had acted as HOD Corporate Services:

- ⌚ Ms. A. Greyling – Manager Administration – November 2016;
- ⌚ Ms. T. Wildeman – Snr. Manager Human Resources – December 2016;
- ⌚ Ms. A. Greyling – Manager Administration – January – February 2017;
- ⌚ Mr. A. Croutz – Manager: Legal Services – March 2017 – April 2017.

Ms. V. Mbelani was appointed as HOD Corporate Services and commenced with duties on 1 May 2017.

The HOD Community Services had left the services of the municipality on 28 February 2017 and Mr. M. Fourie, Manager: Human Settlements and Public Amenities acted in the position until 30 June 2017.

For these changes, a severe price had to be paid. The municipality had failed to obtain a clean audit report for the third successive year. Not withstanding tremendous managerial challenges, had the municipality succeeded to obtain an unqualified audit report.

The municipality also succeeded to submit the annual budget for 2017/2018 in mSCOA format and the 2016/2017 Annual Financial Statements within the legislative prescribed timeframes.

The financial viability of the municipality, with specific reference to the current ratio, had improved from 1.57 to 1.73 which is evidence of prudent cash management and an improved liquidity position.

The percentage of the capital budget actually spent as at 30<sup>th</sup> June, had also increased from 86% as at 30<sup>th</sup> June 2016 to 89.11% at 30<sup>th</sup> June 2017.

Although the infrastructure of the municipality is under continuous strain as a result of the influx from people from all over South Africa, did the municipality manage to maintain service delivery standards.

Housing, with the supporting infrastructure, are continuously being provided, subject to funding from the Government.

We will continue to strive to improve on the standards of service delivery, without sacrificing the financial position of the municipality, in order to create and maintain a better living for all the citizens of the greater Plettenberg Bay.

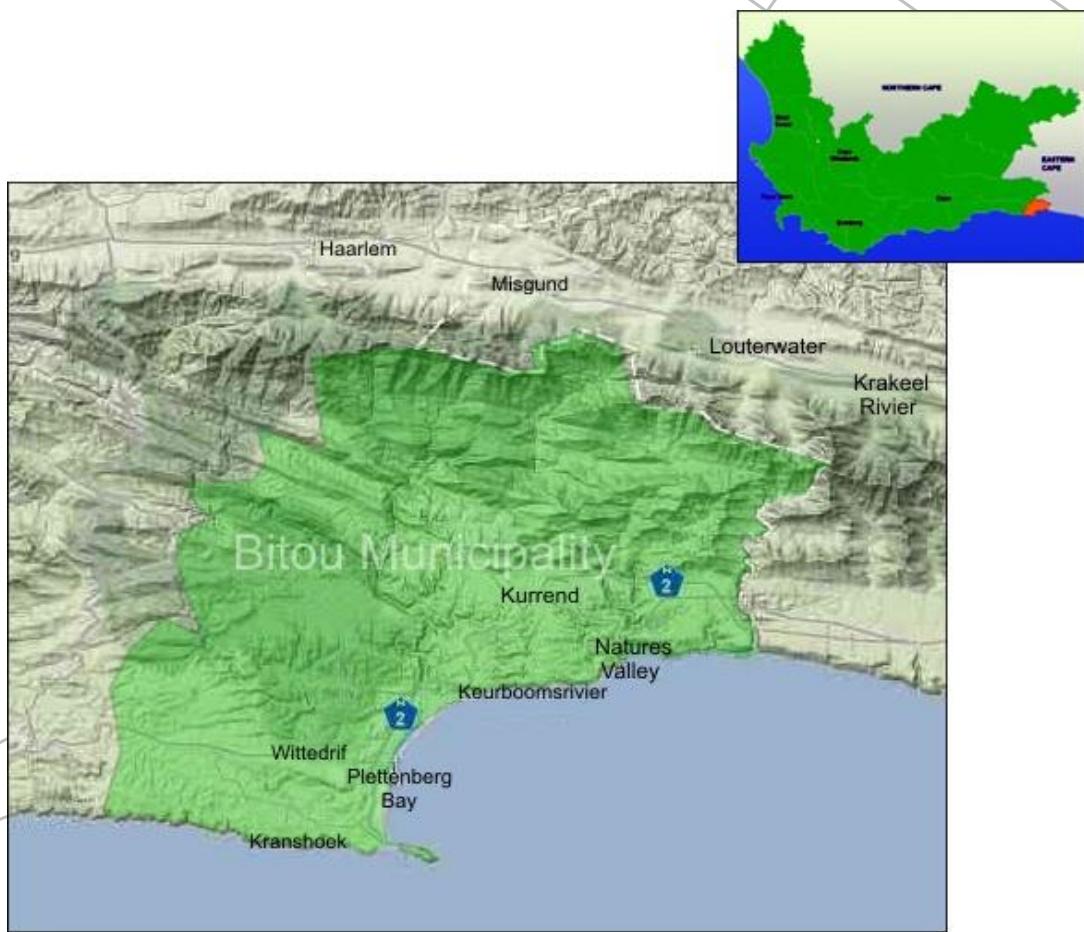
**J. DOUGLAS**

**ACTING MUNICIPAL MANAGER**

## 1.2 MUNICIPAL OVERVIEW

Bitou Municipality is situated in the Western Cape Province within the jurisdictional area of Eden District Municipality. The municipal area, in extent **991.84 km<sup>2</sup>**, is situated in the South Eastern corner of the province and the Bloukrans River is the boundary between the Western and Eastern Cape Provinces. The following map indicates the extent of the Bitou Municipality's area of jurisdiction:

Below is a map of the Western Cape that indicates the location of the Bitou Municipality in the Eden District area:



### 1.2.1 VISION AND MISSION

The Bitou Municipality committed itself to the vision and mission of:

**Development Vision:**

***To be the best together –***

***Om saam die beste te wees –***

***SobalaselaSonke***

**Mission:**

The political office bearers and staff of the Bitou Local Municipality commit to:

- Effecting participative and accountable development local government and governance
- Fostering effective intergovernmental relations
- Facilitating sustainable people-centred development and ensuring environmental integrity
- Proactively identifying and securing suitable land for settlement
- Providing effective basic services
- Facilitating local economic development with a particular focus on reducing poverty, creating Jobs and developing the tourism and eco-tourism sectors
- Facilitating social upliftment and community integration
- Adhering to the Batho Pele principles for its community

## 1.3 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

## 1.3.1 POPULATION

The municipality is estimated to account for 8.75 % or 49 162 of the Eden District's population of 561 322.

## a) Total Population

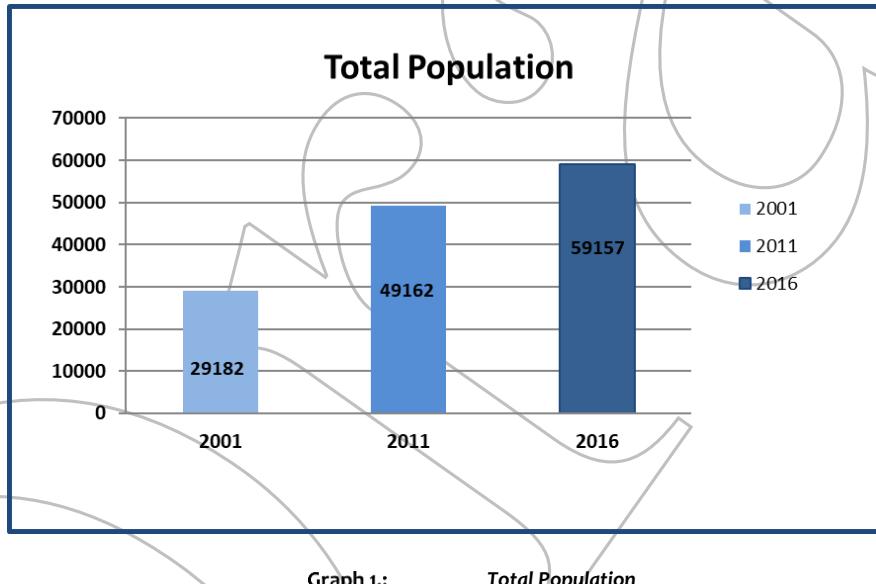
The table below indicates the total population within the municipal area:

Population	2001	2011	2016
	29 182	49 162	59 157

**Source:** IDP 2017-2022

Table 1: Demographic Information of The Municipal Area – Total Population

The graph below illustrates that the total population has grown with 68% from 2001 to 2011.



## b) Population Profile

Population - Age	2001			2011		
	Male	Female	Total	Male	Female	Total
0 - 4	1 282	1 299	2 581	2 394	2 247	4 641
5 - 9	1 280	1 283	2 563	1 937	2 105	4 042
10 - 14	1 155	1 298	2 454	1 806	1 897	3 703
15 - 19	1 279	1 278	2 557	1 876	1 806	3 682
20 - 24	1 303	1 403	2 706	2 088	2 136	4 224

Population - Age	2001			2011		
	Male	Female	Total	Male	Female	Total
25 - 29	1 559	1 581	3 140	2 489	2 485	4 974
30 - 34	1 423	1 402	2 825	2 394	2 207	4 601
35 - 39	1 225	1 189	2 414	2 188	2 053	4 241
40 - 44	931	927	1 858	1 748	1 762	3 511
45 - 49	676	739	1 416	1 458	1 447	2 905
50 - 54	551	580	1 132	1 135	1 188	2 323
55 - 59	421	521	942	850	914	1 763
60 - 64	465	447	913	678	745	1 423
65 - 69	330	333	663	516	678	1 195
70 - 74	212	241	453	458	424	882
75 - 79	158	155	313	244	282	527
80 - 84	69	85	154	110	175	285
85+	22	76	98	98	141	240
<b>Total</b>	<b>14 343</b>	<b>14 839</b>	<b>29 182</b>	<b>24 468</b>	<b>24 694</b>	<b>49 162</b>

Stats SA: Census 2011

Table 2: Population Profile

### c) Population by Race Categories

Population - Racial	2001			2011		
	Male	Female	Total	Female	Male	Total
African	5 638	5 429	11 067	14 361	10 901	25 262
Coloured	5 659	6 080	11 739	7 478	7 866	15 344
Indian	45	50	95	116	133	249
White	3 001	3 280	6 281	3 960	4 347	8 307

Stats SA: Census 2011

Table 3: Demographic Information of the Municipal Area – Race Categories

## 1.3.2 HOUSEHOLDS

The total number of households within the municipal area increased/decreased from 18 355 households in the 2015/16 financial year to a total of 18 939 households in the 2016/17 financial year.

Households	2015/16	2016/17
Number of households in municipal area	18 355	18 939
Number of indigent households in municipal area	4 434	4 234

Table 4: Total Number of Households

The table also shows that the total number of indigent households decreased from 4 434 households in 2015/16 to 4 234 households in the 2016/17 financial year.

## 1.3.3 DEMOGRAPHIC INFORMATION

### a) Municipal Geographical Information

#### Complex past, rich present

Leaving their mark on the region have been an intriguing mix of Middle Stone Age man, indigenous Khoi people, ostrich feather barons, woodcutters, farmers, gold-diggers, merchants, sailors, craftsmen, ordinary folk and even intrepid explorers such as Portugal's Bartholomew Diaz who landed at Mossel Bay in 1488, as well as a modern-day diverse mix of tycoons and artists.

#### Stone Age

Plettenberg Bay's Nelsons Bay and Matjes River Caves were inhabited by Middle Stone Age man for more than 100 000 years, with the Khoisans leaving a legacy of tools and ornaments. Deposits of their tools, ornaments and food debris can be viewed in these caves, which are still being excavated. One can also observe the geological changes over millions of years which affected prehistoric life. Stilbaai, at the coast, boasts shell middens which date back 3 000 years, not to mention an abundance of fish traps. The presence of Blombos Cave, where it is believed that man first thought abstractly, is a further feather in the Garden Route and Klein Karoo's history books.

#### Explorers

Long before Van Riebeeck landed at the Cape, Portuguese explorers of the 15th and 16th centuries called in and charted the bay, the first being Bartholomew Dias in 1487. Ninety years later Manuel da Perestrello aptly called it Bahia Formosa or the Bay Beautiful. The first white inhabitants were the 100 men stranded here for nine months when the San Gonzales sank in 1630. In 1763 the first white settlers in the Bay were stock farmers, hunters and frontiersmen from the Western Cape.

### **Griqua beginnings**

Infamous historical figures include the leader of the Griquas, Andrew Abraham Stockenström le Fleur, who by his people, was looked upon as a new Messiah. The name of Le Fleur is intimately associated with the history of the Griqua people in this area and his grave can be seen in the village of Kranshoek on the Robberg/Airport Road.

The village of Harkerville was named for Robert Charles Harker, who, as a Government resident, controlled the affairs of Plettenberg Bay for 21 years. The family graves are one of the highlights on the Plettenberg Bay town day walk.

Plettenberg Bay itself is an intriguing mix of cultures. A woodcutter's post was established in 1787 and Johann Jacob Jerling, an early inhabitant, was commissioned by the Dutch East India Co. to build a storehouse for house timber which was to be exported.

The Swede, Carl Peter Thunberg, was the first to document valuable observations on the bay and Robberg and the Governor of the Cape, Baron Joachim van Plettenberg, renamed the town Plettenberg Bay in 1779. In 1910 a Captain Sinclair set up the whaling station on Beacon Island to harvest the placid Southern Right whales but this ceased operation in 1916. The first hotel was erected by Hugh Owen Grant in 1940 and replaced in 1972 by the current well known landmark on Beacon Island.

Today this modern town is comparable with Monaco, an exquisite emerald on shores of the azure-blue Indian Ocean; it basks between enchanting old villages. With over 300 days of sunshine a year and temperate climate, it celebrates with passion culture, spectacular nature offers, delicious cuisine, restoration of mind and body, high-adrenaline activities and land and water sports.

### **History's roads**

But let's continue our journey in the 1800's when the growing timber trade led to Thomas Bain building Prince Alfred Pass (1868) and the 90km forest road through the Tsitsikamma to Humansdorp. Three major passes had to be constructed: Groot Rivier, Blauwkrantz and Storms River. The Great Fire of the 1868 claimed to have made Thomas Bain's task of building the coastal road considerably easier. Bain started construction of the Groot River Pass in 1880, completing the work in 1883 with present road differing little from Bain's original.

### **Nature's Valley**

Moving along the road towards modern day Nature's Valley the first owner, Hendrik Barnardo, was employed at the convict station at Bloukrans established by Thomas Bain when building the road through the Tsitsikamma.

Barnardo claimed that the Groot Rivier farm had been granted to his grandfather by Lord Charles Somerset for whom he had acted as beater during hunts in the region. However, according to the Deeds records, a Barnardo had acquired it as an immigrant allotment. Barnardo held only the grazing rights to Nature's Valley until 1914 when the farm, roughly the extent of the present township, was granted to him. In 1918 Dr. Wilhelm Von Bonde persuaded Barnardo to allow him to build a shack

on the lagoon near the mouth. This marked the beginning of development of Nature's valley. Today this quaint village is still slumbering in time's gone past and offers a tranquil retreat from modern day demands.

**b) Wards**

The Municipality is currently structured into the following 7 Wards:

Ward	Areas
1	Green Valley, Wittedrift, Crags, Kurland, Keurbooms, Natures Valley and Covie
2	Town (Plettenberg Bay South and Plettenberg Bay North)
3	Qolweni, Bossiesgif, Pine Trees and Gatjie
4	New Horizon and Part of Kwanokuthula (Split VD)
5	Phase 1 and Phase 2 Kwanokuthula
6	Phase 3 Kwanokuthula
7	Kranshoek, Harkerville and Split VD Phase 3 Kwanokuthula

Table 5: Municipal Wards

The following table indicates the urban, peri-urban and rural areas situated within the boundaries of the municipality:

Urban areas	Peri-urban areas	Rural areas
Plettenberg Bay New Horizons Kwanokuthula Bossiesgif / Qolweni	Keurbooms Kranshoek Nature's Valley The Crags / Kurland Wittedrift / Green Valley	Uplands De Vlugt Covie Harkerville Fisantehoek Redford Road

Table 6: Municipal Areas

The municipal area contains a variety of landscape types containing many areas of special beauty and historical significance that can be divided into the following landscape character types:

- Mountains and mountain valleys
- Foothills
- Plateau
- Incised river valleys
- Sheltered lowland
- Lowland valleys and wetlands
- Estuaries
- Beach shorelines and dunes
- Rocky shores and headlands
- Seascape

- Indigenous forest
- Plantation

### c) Key Economic Activities

Tourism is currently the bedrock of Bitou's economy and this industry in particular needs to be looked at as a potential source of opportunities for growth and job creation. However, although tourism is currently perceived as a primary driver of the economy, sectors such as construction and manufacturing are other promising sectors. Furthermore, it is important to view these three sectors as potential drivers of the economy without disregarding the complex manner in which it interacts with all the other sectors not mentioned here, such as agriculture, transport and the emerging markets for eco-efficient technologies focused on water, energy and waste.

The Municipality is dependent upon the following economic activities:

Key Economic Activities	Description - LED
Tourism	Bitou is a popular holiday destination. It has also become a sought after residential location for retired persons and foreigners. This has certainly been the main contributing factor to the growth that it has experienced over the recent past. Ironically, however, this is also the reason for constraining growth. The dramatic increase in prices for accommodation and houses, it appears, has discouraged a number of domestic tourists from choosing Bitou as a holiday resort. While the current flow of tourists is nevertheless a source of income for residents, the benefits flow to a small proportion of Bitou's population. If tourism is to benefit an ever-larger number of Bitou's population this will have to change.
Manufacturing	In Bitou, this sector employs approximately 8% of all labour. Interviews with key companies in the manufacturing sector confirmed that there was great optimism about the prospects for future growth in the Bitou economy.
Trade and Construction	The trade and construction sectors of the economy are major contributors to employment and income generation in the area. As a percentage of total employment, construction and trade generate approximately 33% of total employment although this is down from 36,9% in 1996. Approximately 15% of this is generated by construction.

Table 7: Key Economic Activities

## 1.4 SERVICE DELIVERY OVERVIEW

### 1.4.1 BASIC SERVICES DELIVERY PERFORMANCE HIGHLIGHTS

The table below specifies the highlights for the year:

Highlights	Description
Kurland: Augmentation of water supply	The Municipality appointed Lyners Consulting Engineers to explore the possibility to drill a production borehole at the water purification site. Steyn's Drilling was appointed by Lyners Consulting Engineers and a borehole with a yield of ca. 4L/s was established in June 2017
Harkerville: Groundwater development on portion 22/422	Two boreholes were drilled on Portion 22/422, Harkerville each capable of meeting the water demand of the community

Highlights	Description
Kranshoek: Upgrading of pump station 1	Tuiniqa Consulting Engineers was appointed in 2016 for the provision of consulting engineering services to upgrade and repair identified problems with specific reference to sewage pump station 1 at Kranshoek. The pump station was upgraded and security improved. The gravity mains were upgraded to a 250mm pipe and buried to stop vandalism. Cameras and an electric fence were installed. A temporary screen was also installed and an emergency storage tank was constructed
Upgrading of main outfall sewer from Kwanokuthula to Gansevlei WWTW	<p>Site investigations, environmental assessment and preliminary design have commenced in 2015/16 and is currently in progress. Tuiniqa Consulting Engineers was appointed as consulting engineers for the proposed construction and upgrading of the existing gravitating bulk outfall sewer and associated works. This project is designated to serve the existing and future formal housing, informal housing, business and industrial developments in mainly the Kwanokuthula and New Horizons township areas. The proposed upgrading will include the rehabilitation of the embankment supporting the existing and proposed new upgrading of the bulk outfall sewer.</p> <p>The aim was to receive environmental authorization, complete the detailed design and tender documentation before the end of 2016/17 with construction due for implementation from 2017/18. The limited MIG allocation however will not allow the project to be implemented within one financial year</p>
Kwanokuthula substation	Substation yard and building completed at Kwanokuthula. Temporary 22kV to 11kV supply provided in order to do the change-over from 22kV to 11kV
Electrification of households in New Horizons	In New Horizons, on erf 2297, the electrification of 65 households was completed.
Install new cable supply to Goose Valley and others	The supply to the caravan park, Goose Valley, Polofields and the Bitou Club situated at the Keurbooms River Bridge is in the process of upgrading from a single overhead line supply to a dual cable supply which will be capable of maintaining supply should a fault occur on the system
Upgrade of Poortjies area	To install new low voltage (LV) and high voltage (HV) cable as well as streetlighting which is expected to be complete within the 2017/18 financial year
Substation building at New Horizons	A new substation building was erected to improve the power supply for the new Magistrate Court, which is still in progress
Replace of miniature substation	One miniature substation was replaced at Keurboomstrand
Replacement of ring main units (RMU's)	Two ring main units replaced at Keurboomstrand
Drop-off facilities	Received waste licenses for 3 drop-off facilities within the municipal area
Waste transfer station	The waste transfer station is fully operational and compacts about 650 tons of waste per month. Own vehicles were procured for transportation to PetroSA

Table 8:

Basic Services Delivery Highlights

## 1.4.2 BASIC SERVICES DELIVERY CHALLENGES

The table below specifies the challenges for the year:

Description	Actions to address
<p>Natures Valley: Upgrade water supply The rising main, reservoir and supply pipelines are more than 25 years old and have deteriorated in such a way that the water supply is not reliable and sustainable anymore</p>	<p>The existing deteriorated 0,6 Mℓ reservoir must be replaced with a new 1,5 Mℓ reservoir. The 150 mm AC rising main must be replaced with a 160 mm UPVC pipeline. The 75mm gravity main to the campsite must be replaced with a 110 mm UPVC pipeline and the 110mm gravity pipeline from the reservoir to the township must be replaced with a 200 mm UPVC pipeline. The basic assessment process is completed and the application for environmental authorisation was submitted on 6 June 2017 to DEA&amp;DP. Planned upgrades should commence in 2017/18</p>
<p>Plettenberg Bay: Pipe replacement Many of the water reticulation infrastructure in central Plettenberg Bay is old and needs to be replaced</p>	<p>GLS Consulting Engineers was appointed to perform a pipe replacement prioritisation study. Application for Accelerated Community Infrastructure Programme (ACIP) funding is crucial for the replacement of old AC pipes</p>
<p>Kranshoek Bulk water supply</p>	<p>Commenced with planning, design and environmental authorization process for upgrading of the water pumpstation at Brakkloof Reservoir and construction of new water pipelines from Brakkloof to Kranshoek and surrounding areas. Construction work should commence in the 2017/2018 financial year after approval of all statutory processes</p>
<p>Upgrade of the Wittedrift pump station is crucial for any developments to continue in Green Valley</p>	<p>A funding application was submitted to DWS for ACIP Funding in September 2016 for the upgrading of the Wittedrift sewerage pump station at a cost of R4.6million in the 2017/18 financial year</p>
<p>Aventura Pump Station: The pump station is currently posing some challenges with reported spillages into the Keurbooms Estuary. Upgrades to the pump station is critical as it is currently monitored by the Department of Environmental Affairs and Development Planning (DEA&amp;DP)</p>	<p>Some upgrades have already been completed. The submersible pumps have been replaced with two 46kW drywell pumps. The telemetry system has been upgraded and 2 variable speed drives have been installed. Further upgrades are expected to be done during the 2017/18 financial year</p>
<p>Filling of vacant posts</p>	<p>Budgetary provision must be made in order to appoint permanent staff</p>
<p>Additional cherry picker for street lighting and maintenance and repairs work on overhead line networks</p>	<p>Fleet Manager is in the process of placing a tender for the hire of cherry pickers, as well as for tendering to purchase via five-year contract to lease</p>
<p>Lack of availability of material at stores</p>	<p>Supply chain must execute re-order points so that material is readily available. Space is needed to keep material as lack of space is hindering the availability of necessary materials</p>
<p>Disposal of bulky waste</p>	<p>Bulky waste is currently being transported to Oudtshoorn landfill site. However limited budget is available of transportation. Budgetary provision must be made</p>
<p>Illegal dumping</p>	<p>A litter and illegal dumping action plan is currently being compiled. Community based contractor's clean areas on a monthly basis. Budgetary provision must be made</p>

Table 9:

Basic Services Delivery Challenges



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## 1.4.3 NUMBER OF HOUSEHOLDS WITH ACCESS TO BASIC SERVICES (BILLED)

Description	2015/16	2016/17
Electricity service connections	10 607	15 800
Water - available within 200 m from dwelling	15 634	15 707
Sanitation - Households with at least VIP service	15 455	15 520
Waste collection - kerbside collection once a week	18 011	18 037

Table 10: Households with Minimum Level of Basic Services

## 1.5 FINANCIAL HEALTH OVERVIEW

### 1.5.1 FINANCIAL VIABILITY HIGHLIGHTS

The table below specifies the highlights for the year:

Highlights	Description
Maintain and improve the current ratio	Current ratio improved from 1.57 to 1.73 which is evidence of prudent cash management and improved liquidity position
Maintain clean audit of Bitou Municipality	Clean audit received in 2015/16 financial year
Monthly financial statements	Continue producing financial statements monthly
Municipal Standard Chart of Accounts (mSCOA) compliant	mSCOA compliant by 1 <sup>st</sup> of July 2017

Table 11: Financial Viability Highlights

### 1.5.2 FINANCIAL VIABILITY CHALLENGES

The table below specifies the challenges for the year:

Challenges	Action to address
Change management	Continue to have departmental/section staff meetings on shared vision and objectives
mSCOA System	System provider to continue providing assistance and improvements regarding the system challenges in terms of system parameters, accurate population of NT reports and functionality of the entire system
Proper mSCOA training for staff	Continued mSCOA training for staff to understand the processes
Filling of vacant positions (Chief Financial Officer(CFO) and Budget and Treasury Officer(BTO) Senior Manager)	CFO position filled on the 1 <sup>st</sup> of May 2017. BTO Senior Manager re advertised closing date 28 of August 2017

Table 12: Financial Viability Challenges

## 1.5.3 NATIONAL KEY PERFORMANCE INDICATORS – MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (RATIOS)

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the Municipal Systems Act (MSA). These key performance indicators are linked to the National Key Performance Area namely Municipal Financial Viability and Management.

Description	Basis of calculation	2015/16	2016/17
Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2016	Debt to Revenue as at 30 June 2016 (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant at 30 June 2016	36%	26%
Financial viability measured in % in terms of the total amount of outstanding service debtors in comparison with total revenue received for services as at 30 June 2016	Net Service debtors to revenue as at 30 June 2016 – (Total outstanding service debtors minus provision for bad debt) / (revenue received for services) at 30 June 2016	13%	11.80%
Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2016	Cost coverage as at 30 June 2016 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortization, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	3.27	2

Table 13: National KPI's for Financial Viability and Management

## 1.5.4 FINANCIAL OVERVIEW

Details	Original budget	Adjustment Budget	Actual
	R'000		
<b>Income</b>			
Grants	161 190	179 105	183 161
Taxes, Levies and tariffs	362 117	370 603	346 535
Other	47 140	48 054	75 340
<b>Sub Total</b>	<b>570 447</b>	<b>597 762</b>	<b>605 036</b>
Less Expenditure	(522 388)	(551 054)	(532 279)
<b>Net surplus/(deficit)</b>	<b>48 059</b>	<b>46 708</b>	<b>72 757</b>

Table 14: Financial Overview



## ANNUAL PERFORMANCE REPORT

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### 1.5.5 TOTAL CAPITAL EXPENDITURE

Detail	2015/16	2016/17
	R'000	R'000
Original Budget	89 870	116 064
Adjustment Budget	102 237	135 416
Actual	96 762	120 670
% Spent	95%	89%

Table 15: Total Capital Expenditure

### 1.6 2016/17 IDP/BUDGET PROCESS

The table below provides details of the key deadlines for the 2016/17 IDP/Budget process:

Activity	Responsible Person / Department	Time Line	Applicable Legislation / Policy Directive
<b>Preparation</b>			
District IDP Managers Forum Meeting	IDP Managers	11 August 2015	Best Practice
District IDP alignment Workshop	IDP Manager	13 – 14 August 2015	Best Practice
District framework Approved	IDP Manager	23 August 2015	MSA, Section 27
IDP / Budget Process Workshop	IDP Manager	20 August 2015	Best Practice
Council approves process plan/time schedule plan - MFMA Section 21(1)(b)	Mayor / Municipal Manager	31 August 2015	MFMA
Advertise IDP process in local news papers	IDP Manager	1 <sup>st</sup> Week September 2015	Best practice
Provincial IDP Managers Forum	IDP Manager	September 2015	Best practice
Update IDP forum list	IDP Manager	September 2015	Best practice
<b>Analysis</b>			
Ward meetings (meeting with ward committees and Council of Stakeholders in the case of ward 4). (Revision of chapter 3 of 2015/2016 IDP)	Ward Councillors/ IDP Manager / Speakers Office	2 – 30 September 2015	Approved process plan
MUNICIPAL PERFORMANCE REPORTING PUBLIC MEETINGS	Performance Management Unit	n/a	n/a
Ward Public Meetings	Venue	Time	n/a
Ward 1	Green Valley Hall	19:00	Ward Councillor
Ward 2	Strategic Services Board room	18:00	Ward Councillor
Ward 3	Bicycle Shed	19:00	Ward Councillor
Ward 4	Councillors office	19:00	Ward Councillor
			Best practice



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Activity			Responsible Person / Department	Time Line	Applicable Legislation / Policy Directive
Ward 1	Kurland	19:00	Ward Councillor	15 September 2015	
Ward 7	Harkeville	18:30	Ward Councillor	16 September 2015	Best Practice
Ward 5	Kwano-Library	18:00	Ward Councillor	17 September 2015	Best practice
Ward 6	Kwano-Library	18:00	Ward Councillor	17 September 2015	Best practice
Ward 7	Kranshoek Boardroom	19:00	Ward Councillor	22 September 2015	Best practice
Ward & IDP Forum Meeting (presenting community issues to government and NGO sectors)			Mayor/Municipal and IDP Managers	29 September 2015	Best practice
Ward Committee Issues Prioritisation Sessions					
Ward 1	Green valley Hall	18:30	Ward Committee/ IDP /Technical Offices	6 October 2015	Best practice
Ward 2	Council Chambers	17:30	Ward Committee/ IDP /Technical Offices	07 October 2015	Best practice
Ward 3	Bicycle shed	18:30	Ward Committee/ IDP /Technical Offices	8 October 2015	Best practice
Ward 4	Library	18:30	Ward Committee/ IDP /Technical Offices	09 October 2015	Best practice
Ward 5	Kwa-No Library	18:30	Ward Committee/ IDP /Technical Offices	13 October 2015	Best practice
Ward 6	Kwa-No Library	18:30	Ward Committee/ IDP /Technical Offices	14 October 2015	Best practice
Ward 7	Municipal Offices	18:30	Ward Committee/ IDP /Technical Offices	15 October 2015	Best practice
IDP / Budget / PMS Steering Committee (considering community issues and targets)			Mayor Municipal Manager	22 October 2015	Best Practice
Council Item (report on priorities)			IDP Manager	November 2015	Best Practice
Revision of Bitou Profile (Revision of chapter 3 of 2015/2016 IDP)			HOD: Strategic Services	2 – 30 October 2015	Best practice
institutional analysis (Revision of chapter 4 of 2015/2016 IDP)			HOD: Corporate Services	2 - 30 October 2015	Best practice
Financial Analysis (Revision of chapter 8 of 2015/2016 IDP)			HOD: Financial Services	2 - 30 February 2016	n/a
IDP Budget/PMS Steering Committee Analysing gaps:  - Institutional - Financial NB: available funding and propose tariff increases - Governance - Service Gaps - Performance			HOD's Corporate, Finance and Strategic services	October/November 2015	Best practice
Strategy / Indicators/Targets					



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Activity		Responsible Person / Department	Time Line	Applicable Legislation / Policy Directive
Strategic workshop: Consolidate priorities for Budget purposes. (Revision of chapter 5 of 2015/2016 IDP)		Mayor, Councillors Municipal Manager and HOD's	December 2015	Best practice
<b>Projects / Programms / Budgets</b>				
Operational Projects		Budget Office	February 2016	Best practice
- Personnel (New position)		n/a	February 2016	n/a
- Administration and Personnel		n/a	February 2016	n/a
Capital Projects		All Departments	February 2016	Best practice
- Community projects (Roads, housing etc)		n/a	February 2016	n/a
- Staff items (office furniture etc)		n/a	February 2015	n/a
Adjustment Budget Budget steering Committee consider Adjustment Budget		n/a	20 – 24 January 2016	MFMA
Setting of performance indicators: Draft SDBIP		IDP forum	15 - 28 February 2016	n/a
<b>Integration</b>				
Approval of adjustment budget in conjunction with mid-year assessment.		Budget Office	31 January 2016	Approved process plan
District IDP Managers work session		IDP Manager	February 2016	Approved process plan
Integration of sector plans		All departments	February 2016	Approved process plan
<b>Approval (IDP &amp; Budget and Performance Documentation)</b>				
Budget steering Committee consider first Draft IDP and Budget		Mayor / MM / CFO BSC members	18 March 2016	Best Practice
Council approves first drafts of the revised IDP and Budget		Mayor / Municipal Manager	31 March 2016	MFMA Section 16 (1) & (2)
Give notice for 21 days to the public for comments the draft IDP & Budget		IDP and Budget Offices	31 March – 22 April 2016	Municipal Planning and performance regulations, 2001 (GNR.796)
Submit copies of the draft IDP and Budget to Provincial Treasury and Provincial and National Departments responsible for local government		IDP and Budget Offices	03 April 2016	MFMA Section 22 (a) & (b)
Submit the proposed revised IDP to Eden DM		IDP Manager	6 April 2016	MSA Section 29(3)(b) MPPM Regulation 3(6)
Conduct ward based public meetings to inform the public about the IDP and Budget for 2016/2017 financial year		IDP Steering Committee	April 2016	MFMA Section 23(1)
Wards	Venue	Time		
Ward 1	Covey	19:00	Ward Councillor	
n/a	Kurland	19:00	Ward Councillor	
n/a	Wittedrift	19:00	Ward Councillor	



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Activity			Responsible Person / Department	Time Line	Applicable Legislation / Policy Directive
Ward 2	Piesang Hall	18:00	Ward Councillor	12 April 2016	
Ward 3	Bicycle shed	18:30	Ward Councillor	13 April 2016	
Ward 4	New horizon Hall (transport Split VD)	19:00	Ward Councillor	14 April 2016	
Ward 5	Kwa-No Hall	18:00	Ward Councillor	19 April 2016	
Ward 6	Kwa-No Hal	18:00	Ward Councillor	20 April 2016	
Ward 7	Kranshoek	19:00	Ward Councillor	11 April 2016	
n/a	Harkeville(transport Split VD)	19:00	Ward Councillor	04 April 2016	
Respond to public comments			Mayor and Municipal Manager	8 May 2016	MFMA Section 23(2)
Council approves IDP and Budget.			Council	31 May 2016	MFMA Section 24(1) MPPM Regulation 3(3)
Place approved IDP, and annual budget related documents and policies on municipal website (within 5 days of adoption)			IDP and Budget Offices	5 June 2016	MFMA Section 75(1) & (2) MSA Section 21A(1)(b)
Submit copies of the revised IDP and Budget to Provincial Treasury and MEC for Local Government (within 10 days of the adoption)			IDP and Budget Offices	10 June 2016	MSA Section 32(1)(a)
Give notice to the public of the adoption of the IDP (within 14 days of adoption)			IDP and Budget Offices	10 June 2016	MSA Section 25(4)(a) MSA Section 21A(1)(b)
Publicise a summary of the IDP (within 14 days of adoption)			IDP Office	10 June 2016	MSA Section 25(4)(b)
Make public the approved annual budget and supporting documentation (including tariffs) (within 10 working days after approval of the budget)-			Budget Office	10 June 2016	Budget & Reporting Regulations 2009, Reg 18 (1-3)
Submit approved budget to Provincial Treasury and National Treasury (within 10 working days after approval of the budget)			Budget Office	10 June 2016	MFMA Section 24(3) Budget & Reporting Regulations 2009, Reg 20
Submit to the Executive Mayor the draft SDBIP and draft annual performance agreements for the next year (within 14 days after approval of the budget)			Director Strategic Services	10 June 2016	MFMA Section 69(3)
Executive Mayor takes all reasonable steps to ensure that the SDBIP is approved (within 28 days after approval of the budget)			Municipal Manager and Director Strategic Services	Before 28 June 2016	MFMA Section 53(1)(c)(ii)
<b>Performance Management</b>					
Place the performance agreements and all service delivery agreements on the website			Acting Manager PMS	14 June 2016	MFMA Section 75(1) Budget & Reporting Regulations 2009, Reg 19

Activity	Responsible Person / Department	Time Line	Applicable Legislation / Policy Directive
Submit copies of the performance agreements to Council and the MEC for Local Government as well as the national minister responsible for local Government (within 14 days after concluding the employment contract and performance agreement)	Acting Manager PMS	Before 28 June 2016	MFMA Section 53(3)(b) Perf Regs: 2006 Reg (5):
Submit the SDBIP to National and Provincial Treasury (within 10 working days approval of the plan)	Acting Manager PMS	Before 28 June 2016	Budget & Reporting Regulations 2009, Reg 20(2)(b):
Make public the projections, targets and indicators as set out in the SDBIP (within 10 working days after the approval of the SDBIP)	Acting Manager PMS	Before 28 June 2016	MFMA Section 53(3)(a) Budget & Reporting Regulations 2009, Reg 19
Make public the performance agreements of Municipal Manager and senior managers (no later than 14 days after the approval of the SDBIP)	Acting Manager PMS	Before 28 June 2016	MFMA Section 53(3)(b)

Table 16:

2016/17 IDP/Budget Process

## CHAPTER 2

## COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

## 2.1 NATIONAL KEY PERFORMANCE INDICATORS - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The following table indicates the municipality's performance in terms of the National Key Performance Indicators (KPIs) required in terms of the Local Government: Municipal Planning and the Performance Management Regulations 796 of 2001 and Section 43 of the MSA. This key performance indicator is linked to the National Key Performance Area - Good Governance and Public Participation.

KPA & Indicators	Municipal Achievement	Municipal Achievement
	2015/16	2016/17
The percentage of the municipal capital budget actually spent on capital projects as at 30 June 2016 {(Actual amount spent on capital projects /Total amount budgeted for capital projects)X100}	86%	89.11%

Table 17: National KPIs - Good Governance and Public Participation Performance

## 2.2 PERFORMANCE HIGHLIGHTS - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The table below specifies the highlights for the year:

Highlight	Description
Filling of vacancies	Shortage of suitably qualified staff within the section was addressed and the vacancies was filled
Establishment of ward committees	Council has resolved that a Geographical/Block representation system be implemented to ensure functioning as well as a monitoring tool to access and enhance fully functioning committees

Table 18: Good Governance and Public Participation Performance Highlights

## 2.3 CHALLENGES - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The table below specifies the challenges for the year:

Description	Actions to address
Funding for ward committee operational plans	Create line item for public participation from own funding for the next financial year

Table 19: Good Governance and Public Participation Challenges

## 2.4 GOVERNANCE STRUCTURE

## 2.4.1 POLITICAL GOVERNANCE STRUCTURE

The council performs both legislative and executive functions. They focus on legislative, oversight and participatory roles, and have delegated its executive function to the Executive Mayor and the Mayoral Committee. Their primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision makers, councilors are also actively involved in community work and the various social programmes in the municipal area.

## a) Council

The Bitou Municipal Council comprised of 13 councillors, including 7 ward councillors and 6 proportional representation councillors. The Municipality has an Executive Mayoral Committee system and the Executive Mayoral Committee was made up of councillors drawn from the ruling parties.

For the period 1 July 2016 to 2 August 2016, the Executive Mayoral Committee was made up of councillors drawn from the DA and Cope alliance.

After the elections on 3 August 2016, a coalition was formed between the ANC and the AUF, which coalition was in place for the period 3 August 2016 to 22 May 2017, when the coalition agreement was cancelled. A new coalition was then formed between the DA and AUF, effective from 23 May 2017.

Below are the tables that categorise the councillors within their specific political parties and wards, for the periods 1 July 2016 to 2 August 2016, 3 August 2016 to 22 May 2017 and 23 May 2017 to 30 June 2017, respectively:

## Council (1 July 2016 -2 August 2016)

Name of Councillor	Capacity	Political Party	Ward representing or proportional (PR)	Gender
M Booyens	The Executive Mayor	DA	PR	Male
R Koeberg	The Deputy Mayor	COPE	PR	Male
A Olivier	The Speaker	DA	PR & Ward 7	Female
W Craig	Mayoral Committee Member	DA	Ward 2	Male



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Name of Councillor	Capacity	Political Party	Ward representing or proportional (PR)	Gender
N de Waal	Mayoral Committee Member	DA	Ward 1	Male
N Ndayi	PR Councillor	DA	PR	Female
E Paulse	PR Councillor	DA	PR	Female
SB Farrow	PR Councillor	DA	PR	Male
S Besana	PR Councillor	ANC	PR	Female
L Seyisi	Ward Councillor	ANC	Ward 3	Female
H Plaatjies	Ward Councillor	ANC	Ward 4	Female
M Mbali	Ward Councillor	ANC	Ward 5	Male
S Gcabayi	Ward Councillor	ANC	Ward 6	Male

Table 20: Council (1 July 2016 - 2 August 2016)

### Council (3 August 2016 – 22 May 2017)

Name of Councillor	Capacity	Political Party	Ward representing or proportional (PR)	Gender
MP Lobese	Executive Mayor	AUF	PR	Male
EV Wildeman	The Deputy Mayor until 22 May 2017	ANC	PR	Male
PM Mbali	The Speaker until 22 May 2017	ANC	Ward 5	Male
SE Gcabayi	Mayoral Committee Member until 22 May 2017	ANC	Ward 6	Male
LM Seyisi	Mayoral Committee Member until 22 May 2017	ANC	PR	Female
NC Jacob	PR Councillor	ANC	PR	Female
WJ Nel	PR Councillor w.e.f 23 August 2016	DA	PR	Male
M Booyens	PR Councillor until 19 March 2017	DA	PR	Male
N Ndayi	PR Councillor w.e.f. 30 March 2017	DA	PR	Female
ASM Windvogel	Ward Councillor	DA	Ward 4	Female
X Matyila	Ward Councillor	ANC	Ward 3	Male
JN Kamkam	Ward Councillor	DA	Ward 1	Female
AR Olivier	Ward Councillor	DA	Ward 7	Female
WR Craig	Ward Councillor until 16 January 2017	DA	Ward 2	Male
DJ Swart	Ward Councillor w.e.f 5 April 2017	DA	Ward 2	Male

Table 21: Council (3 August 2016 – 22 May 2017)

## Council (23 May 2017 to 30 June 2017)

Name of Councillor	Capacity	Political Party	Ward representing or proportional (PR)	Gender
MP Lobese	The Executive Mayor	AUF	PR	
JN Kamkam	The Deputy Mayor w.e.f 23 May 2017	DA	Ward 1	Female
AR Olivier	The Speaker w.e.f 23 May 2017	DA	Ward 7	Female
WJ Nel	Mayoral Committee Member w.e.f 23 May 2017	Da	PR	Male
N Ndayi	Mayoral Committee Member w.e.f 23 May 2017	DA	PR	Female
DJ Swart	Ward Councillor w.e.f 5 April 2017	DA	Ward 2	Male
NC Jacob	PR Councillor	ANC	PR	Female
MM Mbali	Ward Councillor	ANC	Ward 5	Male
SE Gcabayi	Ward Councillor	ANC	Ward 6	Male
LM Seyisi	PR Councillor	ANC	PR	Female
X Matyila	Ward Councillor	ANC	Ward 3	Male
EV Wildeman	PR Councillor	ANC	PR	Male

Table 22: Council (23 May 2017 to 30 June 2017)

Below is a table which indicates the Council meeting attendance for the 2016/17 financial year:

Meeting dates	Council Meetings Attendance	Apologies for non-attendance
27 July 2016	13	0
12 August 2016	13	0
24 August 2016	13	0
1 September 2016	12	1
29 September 2016	12	1
4 October 2016	12	1
31 October 2016	12	1
14 November 2016	13	0
25 November 2016	12	1
2 December 2016	12	1
31 January 2017	12	0
28 February 2017	10	2
2 March 2017	11	0
14 March 2017	11	0
31 March 2017	11	1

Meeting dates	Council Meetings Attendance	Apologies for non-attendance
4 April 2017	12	0
21 April 2017	13	0
26 April 2017	13	0
23 May 2017	13	0
31 May 2017	13	0
13 June 2017	13	0
30 June 2017	11	2

Table 23: Council Meetings

#### b) Executive Mayoral Committee

The Executive Mayor of the Municipality, assisted by the Mayoral Committee, heads the executive arm of the Municipality. The Executive Mayor is at the centre of the system of governance, since executive powers are vested in him to manage the day-to-day affairs. This means that he has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Executive Mayor, delegated by the Council, as well as the powers assigned by legislation. Although accountable for the strategic direction and performance of the Municipality, the Executive Mayor operates in concert with the Mayoral Committee.

The names of the members of the Mayoral Committee is listed in the table below for the periods as indicated:

##### Executive Mayoral Committee (1 July 2016 - 3 August 2016)

Name of member	Capacity
M Booyse	Executive Mayor
R Koeberg	Deputy Executive Mayor
N de Waal	Member
W Craig	Member

Table 24: Executive Mayoral Committee (1 July 2016 - 3 August 2016)

##### Executive Mayoral Committee (3 August 2016 – 22 May 2017)

Name of member	Capacity
MP Lobese	Executive Mayor
EV Wildeman	Deputy Executive Mayor
SE Gcabayi	Member
LM Seyisi	Member

Table 25: Executive Mayoral Committee (3 August 2016 – 22 May 2017)



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### Executive Mayoral Committee (23 May 2017 – 30 June 2017)

Name of member	Capacity
MP Lobese	Executive Mayor
JJN Kamkam	Deputy Executive Mayor
WJ Nel	Member
N Ndayi	Member

Table 26: Executive Mayoral Committee (23 May 2017 – 30 June 2017)

The table below indicates the dates of the Mayoral Committee meetings and the number of reports submitted to Council for the 2016/17 financial year:

Meeting date	Number of reports submitted to Council
29 June 2017	10
13 June 2017	1
30 May 2017	7
26 April 2017	8
21 April 2017	2
4 April 2017	1
30 March 2017	8
14 March 2017	2
27 February 2017	11
24 November 2016	8
14 November 2016	1
4 October 2016	2
28 September 2016	6
1 September 2016	1
In Committee 2016	
24 November 2016	2
2 December 2016	2
In Committee 2017	
30 January 2017	3
27 February 2017	2
30 March 2017	1
21 April 2017	2
30 May 2017	3

Table 27: Executive Mayoral Committee Meetings

## 2.4.2 ADMINISTRATIVE GOVERNANCE STRUCTURE

The Municipal Manager is the Chief Accounting Officer of the Municipality. He is the head of the administration, and primarily has to serve as chief custodian of service delivery and implementation of political priorities. He is assisted by his direct reports, which constitutes the management team, whose structure is outlined in the table below:

Name of Official	Position	Performance agreement signed
		(Yes/No)
T Ndlovu	Municipal Manager	Yes
V Mkhева	Chief Financial Officer	Yes
D Friedman	HOD: Strategic Services	Yes
P Nqgumshe	HOD: Engineering Services	Yes
V Mbelani	HOD: Corporate Services	Yes

Table 28: Administrative Governance Structure

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

## 2.5 INTERGOVERNMENTAL RELATIONS

## 2.5.1 INTERGOVERNMENTAL STRUCTURES

To adhere to the principles of the Constitution the municipality participates in the following intergovernmental structures:

Name of Structure	Members	Outcomes of Engagements/Topics Discussed
Western Cape Supply Chain Management Forum	Provincial Treasury and all municipalities and municipal entities in the Western Cape	SCM governance & developments

Table 29: Intergovernmental Structures

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

Section 16 of the Municipal Systems Act (MSA) refers specifically to the development of a culture of community participation within municipalities. It states that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance. For this purpose, it must encourage and create conditions for the local community to participate in the affairs of the community. Such participation is required in terms of:

- the preparation, implementation and review of the IDP;
- establishment, implementation and review of the performance management system; and
- monitoring and review of the performance, including the outcomes and impact of such performance; and preparation of the municipal budget.

## 2.6.1 WARD COMMITTEES

It was finally agreed that all 7 wards would have 10 ward committee members, and that a stipend of R500 per ward committee member will be paid.

**Frequency of meetings of ward committees**

It was agreed that ward committees meet once every two months. Items for discussion will be ward based on matters raised by the various ward committee members. They will therefore no longer receive agendas for Mayoral Committee meetings for recommendation to the Mayoral Committee, but will still receive one agenda per ward, for information.

**Funding of out-of-pocket expenses for ward committee members:**

Council approved that each ward committee member should receive a monthly stipend of R500 to cover transport and telephone expenditure, conditional that they attend the standing ward committee meetings that are held quarterly. With seven wards, the cost for Bitou Local Municipality will amount to R500 x 70 members, which will total R35 000 per month, totaling R420 000 per year. The stipend fee will be funded via the Municipal Systems Improvement Grant and Equitable Share Special Funding. Provision has been made on the 2016/17 Annual Budget.

**Ward 1: Kurland, The Crags, Covie, Natures Valley, Keurbooms and Wittedrift.**

Name of representative	Capacity representing	Dates of meetings held during the year
J Kamkam	Ward Councillor	
T Faku	Block 1	
R Mapondo	Block 2	
S Jacobs	Block 3	
A Blouw	Block 4	
P Luttig	Keurbooms	25 April 2017
P Bernado	Covie	
J Kruger	Natures Valley	
L Lane	Natures Valley	
D Fermor	Natures Valley	

Table 30: Ward 1 Committee Meetings

## Ward 2: Central Town, Plettenberg Bay South and Plettenberg Bay North

Name of representative	Capacity representing	Dates of meetings held during the year
D Swart	Ward Councillor	
B Richardson	Community Safety	
T Memani	Bossiesgif	
C Vlok	Education	
D Wilms	Business	
A Bryant	Keep Plett Clean	
P Falla	Environment	
A Wesley	Youth	
O Rissik	Ratepayers Association	

Table 31: Ward 2 Committee Meetings

## Ward 3: Bossiesgif, Qolweni

Name of representative	Capacity representing	Dates of meetings held during the year
X Maytila	Ward Councillor	
V Jokani	Block 1	
N Mispha	Block 1	
L Dyehi	Block 2	
M Pote	Block 2	
S William	Block 3	
L Witbooi	Block 3	
N Maseti	Block 4	
N Bangani	Block 4	
K Gojela	Block 5	
N Bangani	Block 5	

Table 32: Ward 3 Committee Meetings

## Ward 4: New Horizons split voting district Kwanokuthula

Name of representative	Capacity representing	Dates of meetings held during the year
A Windvogel	Ward Councillor	
S Kleynhans	Block 1	
Z Plaatjies	Block 1	
D Kamfer	Block 2	
M Louw	Block 2	

Name of representative	Capacity representing	Dates of meetings held during the year
M Pienaar	Block 3	
E Lourens	Block 3	
J Hartnick	Block 4	
R Leonard	Block 4	
R Loggenberg	Block 5	
M Misiwe	Block 5	

Table 33: Ward 4 Committee Meetings

## Ward 5: Kwanokuthula

Name of representative	Capacity representing	Dates of meetings held during the year
P Mbali	Ward Councillor	
K Nokol	Block 1	
W Sebezo	Block 1	
M Konco	Block 2	
N Maku	Block 2	
N Mcongwane	Block 3	
N Tabata	Block 3	
TJ Nogambula	Block 4	
H Dunga	Block 4	
L Troos	Block 5	
C Nyabaza	Block 5	

Table 34: Ward 5 Committee Meetings

## Ward 6: Kwanokuthula

Name of representative	Capacity representing	Dates of meetings held during the year
S Gcabayi	Ward Councillor	
N Koliti	Block 1	
T Magwebu	Block 1	
B Nkwali	Block 2	
M Botha	Block 2	
M Saule	Block 3	
K Tshembese	Block 3	
B Seti	Block 4	
J Lose	Block 4	
T Sipho	Block 5	

31 May 2017

Name of representative	Capacity representing	Dates of meetings held during the year
U Fillis	Block 5	

Table 35: Ward 6 Committee Meetings

## Ward 7: Kranshoek, Split voting districts Kwanokuthula & Harkerville

Name of representative	Capacity representing	Dates of meetings held during the year
A Olivier	Ward Councillor	
J Barnardo	Youth	
S Swarts	Faith Based Organizations	
M Jantjies	Safety and Security	
J Koopman	NGO	
A Ruiters	Women	
Vacant	Environmental	
Vacant	Agriculture	
C Manuel	Business	
Z Dybishe	Geographical area	

Table 36: Ward 7 Committee Meetings

## 2.6.2 FUNCTIONALITY OF WARD COMMITTEE

The purpose of a ward committee is:

- to get better participation from the community to inform council decisions;
- to make sure that there is more effective communication between the Council and the community; and
- to assist the ward councilor with consultation and report-backs to the community.

Ward committees should be elected by the community they serve. A ward committee may not have more than 10 members and women should be well represented. The ward councilor serves on the ward committee and act as the chairperson. Although ward committees have no formal powers, they advise the ward councilor who makes specific submissions directly to the administration. These committees play a very important role in the development and annual revision of the integrated development plan of the area.

The table below provides information on the establishment of Ward Committees and their functionality:

Ward Number	Committee established (Yes / No)	Number of reports submitted to the Speakers Office	Number meetings held during the year	Committee functioning (Yes / No)	Actions to address
1	Yes	1	1	Yes	Council has resolved that a Geographical/Block
2	Yes	1	1	Yes	

Ward Number	Committee established (Yes / No)	Number of reports submitted to the Speakers Office	Number meetings held during the year	Committee functioning (Yes / No)	Actions to address
3	Yes	1	1	Yes	representation system be implemented to ensure functioning as well as a monitoring tool to access and enhance fully functioning committees
4	Yes	1	1	Yes	
5	Yes	1	1	Yes	
6	Yes	1	1	Yes	
7	Yes	1	1	Yes	

Table 37: Functioning of Ward Committees

## 2.6.3 REPRESENTATIVE FORUMS

### a) Labour Forum

The table below specifies the members of the Labour Forum for the 2016/17 financial year:

Name of representative	Capacity
N Jacob	Councillor
A Windvogel	Councillor
X Matyila	Councillor
D Friedman	Head: Strategic Services
P Ngqumshe	Head: Engineering Services
V Mbelani	Head: Corporate Services
V Mkhefa	Chief Financial Officer
M Fourie	Acting Head: Community Services
H Kitsi	IMATU Representative
E Marais-Bower	IMATU Representative
D Baartman	IMATU Representative
E Kramer	IMATU Representative
A Manuels	IMATU Representative
A Nkatsha	SAMWU Representative
M Mlanjeni	SAMWU Representative
T Dazela	SAMWU Representative
T Wildeman	Senior Manager: Human Resources
W Cloete	Senior Labour Relations Officer

Table 38: Labour Forum

## COMPONENT D: CORPORATE GOVERNANCE

Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed.

### 2.7 RISK MANAGEMENT

In terms of Section 62 (1)(c)(i) “the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems – of financial and risk management and internal control;”.

In the absence of a dedicated Risk Management Unit, the Internal Audit Services Department assumed a co-ordinating role regarding the updating of the risk profile for the Municipality. The risk profile was also submitted to the Audit Committee.

The role of the service departments is to assist management in identification and review of risks in order to properly manage them. Risk management is an integral or natural part of the organisational processes and procedures. Risk management should be embedded in the organisation, it becomes an intrinsic part of business planning and decision making. There is no direction taken without looking at potential risks.

The table below indicates the top ten risks of the municipality:

Risk
1. Financial viability
2. Disasters (fire, drought and floods)
3. Poor service delivery
4. Political instability
5. Non-compliance with laws & regulations
6. Non-execution of council decisions
7. Reputational risk
8. Ageing infrastructure
9. Poor third party performance
10. Health and safety risk

Table 39:

Top Ten Risks

## 2.8 ANTI-CORRUPTION AND ANTI-FRAUD

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the Municipal Finance Management Act (MFMA), Section 112(1) (m)(i) identify supply chain measures to be enforced to combat fraud and corruption, favoritism and unfair and irregular practices. Section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimize the likelihood of corruption and fraud.

 a) *Developed Strategies*

Name of strategy	Developed (Yes/No)	Date Adopted/Reviewed
Anti-fraud and corruption framework	Yes	31 March 2014
Establishment of the Disciplinary board	Yes	27 May 2015

Table 40: Strategies

## 2.9 AUDIT COMMITTEE

Section 166(2) of the MFMA states that an audit committee is an independent advisory body which must advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, on matters relating to:

- internal financial control;
- risk management;
- performance management; and
- effective governance.

The Audit Committee have the following main functions as prescribed in section 166 (2) (a-e) of the Municipal Finance Management Act, 2003 and the Local Government Municipal and Performance Management Regulation:

 a) *Functions of the Audit Committee*

- To advise the Council on all matters related to compliance and effective governance.
- To review the annual financial statements to provide Council with an authoritative and credible view of the financial position of the municipality, its efficiency and its overall level of compliance with the MFMA, the annual Division of Revenue Act (DoRA) and other applicable legislation.
- Respond to the council on any issues raised by the Auditor-General in the audit report.
- To review the quarterly reports submitted to it by the internal audit.
- To evaluate audit reports pertaining to financial, administrative and technical systems.
- The compilation of reports to Council, at least twice during a financial year.

- To review the performance management system and make recommendations in this regard to Council.
- To identify major risks to which Council is exposed and determine the extent to which risks have been minimised.
- To review the annual report of the municipality.
- Review the plans of the Internal Audit function and in so doing; ensure that the plan addresses the high-risk areas and ensure that adequate resources are available.
- Provide support to the Internal Audit function.
- Ensure that no restrictions or limitations are placed on the Internal Audit section.
- Evaluate the activities of the Internal Audit function in terms of their role as prescribed by legislation.

**b) Members of the Audit Committee**

Name of representative	Capacity	Meeting dates
I Boardman	Chairperson	29 August 2016 22 September 2016 28 November 2016 27 March 2017
N Bulabula	Member	
J Roux	Member	

Table 41: Members of the Audit Committee

## 2.10 PERFORMANCE AUDIT COMMITTEE

**a) Functions of the Performance Audit Committee**

In terms of Section 14(4) (a) of the Performance Management Regulations, the performance audit committee has the responsibility to:

- review the quarterly reports produced and submitted by the internal audit process;
- review the municipality's performance management system and make recommendations in this regard to the council of the municipality; and
- at least twice during each financial year submit a performance audit report to the council of the municipality.

**b) Members of the Performance Audit Committee**

Name of representative	Capacity	Meeting dates
I. Boardman	Chairperson	29 August 2016 22 September 2016 28 November 2016 27 March 2017
N Bulabula	Member	
J Roux	Member	

Table 42: Members of the Performance Audit Committee

## 2.11 INTERNAL AUDITING

Section 165 (2) (a) and (b)(iv) of the MFMA requires that:

The Internal Audit Unit of a municipality must:

- (a) prepare a risk based audit plan and an internal audit program for each financial year; and
- (b) advise the accounting officer and report to the audit committee on the implementation on the internal audit plan and matters relating to:
  - (i) internal audit;
  - (ii) internal controls;
  - (iii) accounting procedures and practices;
  - (iv) risk and risk management;
  - (v) performance management;
  - (vi) loss control; and
  - (vii) compliance with this Act, the annual Division of Revenue Act and any other applicable legislation
- (c) perform other duties as may be assigned to it by the accounting officer.

The Municipality has an In-house Internal Audit function consisting of **two** officials.

**a) Highlights: Internal Audit**

The table below indicates the highlights for the year.

Highlights	Description
Clean Audit Opinion for 2015/16 financial year due to continuous improvement in internal control systems.	We obtained unqualified Audit for 2015/16 financial year
Internal audit and risk awareness workshops	Various workshops were conducted to raise awareness about internal audit and its role

Table 43: *Highlights: Internal Audit*

**b) Challenges: Internal Audit**

The table below indicates the challenges for the year.

Challenge	Corrective Actions
Understaffing	In May 2017 we appointed 4 permanent staff to enhance the unit as we no longer have the co-source arrangement
Incorrect perception about Internal Audit and its role	Various workshops were conducted to raise awareness about internal audit and its role

Table 44: *Challenges: Internal Audit*

## c) Annual Audit Plan

The table below provides detail on audits completed:

Audit Engagement	Departmental System	Detail	Date completed
<b>Phase 1</b>			
Updating of Municipal Risk profile			
<b>Phase 2</b>			
Compiling Risk based Audit Plan			
<b>Phase 3</b>			
Financial Services	AFS Technical Review	The review conducted consisted solely of a high-level technical and quality review of compliance with GRAP, and the Municipal Finance Management Act (MFMA)	04 September 2016
Financial Services	Debtors Management – Follow up	The objective of this internal audit follows up is to obtain reasonable assurance that the agreed actions to address the internal control weakness previously identified have been implemented	14 October 2016
Financial Services	SCM Deviation Procurement	The objective is to obtain reasonable assurance on effectiveness and adequacy of Internal Controls within Deviation Management process and obtain reasonable assurance on compliance with laws, regulations and policies	23 June 2017
Financial Services	Division of Revenue	Obtain reasonable assurance on effectiveness and adequacy of Internal Controls within the Grant Management System	26 September 2016
Financial Services	Payroll and Travel and Subsistence Allowance Management	Obtain reasonable assurance on effectiveness and adequacy of Internal Controls within the Payroll system and Travel and Subsistence allowance management	22 September 2016
Financial Services	Information Technology follow - up	The objective of this internal audit follows up is to obtain reasonable assurance that the agreed actions to address the internal control weakness previously identified have been implemented	21 February 2017
Financial Services	mSCOA compliance	Obtain reasonable assurance regarding compliance with mSCOA regulations	27 March 2017



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Audit Engagement	Departmental System	Detail	Date completed
Community Services	Housing Administration – Follow up	The objective of this internal audit assessment is to determine the status of implementation of Internal Audit recommendations for all critical and significant Management Letter Points (MLPs) included in the Housing Administration (2013/2014) Internal Audit report, issued on 19 September 2014	13 February 2017
Engineering Services	Proclaimed Roads Expenditure	Obtain reasonable assurance on effectiveness and adequacy of Internal Controls within the Proclaimed Roads Grant Management System	27 March 2017
Corporate Services	Overtime, Standby and Shift management	Obtain reasonable assurance on effectiveness and adequacy of Internal Controls within the Overtime, Standby and Shifts Management System	30 June 2017
Corporate Services	Leave Management Follow-up	The objective of this internal audit follows up is to obtain reasonable assurance that the agreed actions to address the internal control weakness previously identified have been implemented	22 September 2016
Corporate Services	Recruitment and Selection	Obtain reasonable assurance on effectiveness and adequacy of Internal Controls within the Recruitment and Selection Management	22 September 2016
Office of the Municipal Manager	PMS – Quarter 4 of 2015/2016	To give management as well as the members of council, and the audit committee reasonable assurance on the validity, accuracy and completeness of the information reflected on the performance management system in order to allow management to address any shortfalls that may arise as well as to ensure that the performance management information reflects the true performance of the municipality	27 March 2017
Office of the Municipal Manager	PMS – Quarter 1 of 2016/17	To give management as well as the members of council, and the audit committee reasonable assurance on the validity, accuracy and completeness of the information reflected on the performance management system in order to allow management to address any shortfalls that may arise as well as to ensure that the performance management information reflects the true performance of the municipality	27 March 2017
Office of the Municipal Manager	PMS – Quarter 2 of 2016/17	To give management as well as the members of council, and the audit committee reasonable assurance on the validity, accuracy	30 June 2017



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Audit Engagement	Departmental System	Detail	Date completed
		and completeness of the information reflected on the performance management system in order to allow management to address any shortfalls that may arise as well as to ensure that the performance management information reflects the true performance of the municipality	
Office of the Municipal Manager	PMS – Quarter 3 of 2016/17	To give management as well as the members of council, and the audit committee reasonable assurance on the validity, accuracy and completeness of the information reflected on the performance management system in order to allow management to address any shortfalls that may arise as well as to ensure that the performance management information reflects the true performance of the municipality	30 June 2017

Table 45: Internal Audit Coverage Plan

Below are the functions of the Internal Audit Unit that was performed during the financial year under review:

Function	Date/Number
Prepare a risk based audit plan	22 September 2016
Advise the accounting officer and report to the Audit Committee in terms of section 165 (2)(b)	Refer to audit report dates issued
Facilitate Audit Committee meetings	Refer to meeting dates of Audit Committee

Table 46: Internal Audit Functions

### 2.12 BY-LAWS AND POLICIES

Section 11 of the MSA gives a Council the executive and legislative authority to pass and implement by-laws and policies.

Below is a list of all the policies that were developed and/or reviewed during the year:

Policies developed/ revised	Date adopted
Asset Management Policy	31 May 2017
Borrowing Policy and guidelines	31 May 2017
Budget Implementation and Monitoring Policy	31 May 2017
Credit Control & Debt Collection Policy	31 May 2017
Creditors, Councilors and Personnel Payment Policy	31 May 2017
Indigent Support Policy	31 May 2017
Draft Infrastructure Procurement & Delivery Policy	31 May 2017
Insurance Policy	31 May 2017
Investment & Cash Management Policy	31 May 2017
Liquidity, Funding and Reserves Policy	31 May 2017

Policies developed/ revised	Date adopted
Long-Term Financial Planning Policy	31 May 2017
Overtime Policy	31 May 2017
Petty Cash Policy	31 May 2017
Property Rates Policy	31 May 2017
Recruitment and Selection Policy	31 May 2017
Services	31 May 2017
Tariff Policy	31 May 2017
Travelling Allowance Policy	31 May 2017

Table 47: Policies

## 2.13 COMMUNICATION

Local government has a legal obligation and a political responsibility to ensure regular and effective communication with the community. The Constitution of the Republic of South Africa, 1996 and other statutory enactments all impose an obligation on local government and require high levels of transparency, accountability, openness, participatory democracy and direct communication with the communities to improve the lives of all.

Good customer care is clearly of fundamental importance to any organisation. A successful communication strategy therefore links the people to the municipality's programme for the year.

Below is a communication checklist of the compliance to the communication requirements:

Communication activities	Yes/No
Communication Strategy	Yes
Functional complaint management systems	Yes

Table 48: Communication Activities

### 2.13.1 COMMUNICATION AND CUSTOMER CARE UNIT

Communication Unit	Yes/No	Number of people in the Unit	Job titles
	Yes		Communications Officer
		8	Communications Intern
			Customer Care Clerk x 6

Table 49: Communication and Customer Care Unit

## 2.13.2 NEWSLETTER

Type of Newsletter	Number distributed	Circulation number	Date distributed
External	As per distribution of publication utilised	Bitou News What's New in Plett CX Press	July 2016 October 2016 January 2017 June 2017
Special Editions	As per distribution of publication utilised	SALGA publication Die Burger Die Son	July 2016

Table 50: Newsletter

## 2.13.3 ADDITIONAL COMMUNICATION CHANNELS UTILISED

Channel	Yes/No
Facebook	Yes
Twitter	Yes
SMS system	Yes

Table 51: Additional Communication Channels Utilised

## 2.13.4 EXTERNAL COMMUNICATION FORUMS

Forum	Yes / No	Frequency	Communication issues were discussed at the forum?
District COMMs Forums	Yes	Quarterly	Newly re-established and will commence with a media engagement on Thursday 25 May 2017
Provincial COMMTech Forums	Yes	Quarterly	IPS2 System / Human Settlements campaigns / WC Drought: Campaigns / Communication Strategies / Complaints Management Systems / IDP Simplification etc
ICT Managers Forum	Yes	Quarterly	Municipal Websites & Citizen engagement App / Discussion and Overview of Website support process, changes, new requests and support queries

Table 52: External Communication Forums

## 2.13.5 COMMUNICATION PLATFORMS UTILISED

The table below depicts the current communications platforms utilized.

Platforms	Utilisation of Platform (Yes/No)	Purpose of usage?	Target Audience	Frequency of use or updates?	Comments or details about this platform
External newsletter	Yes	Information and to provide feedback	Community	Quarterly	Work in progress – Effective
Radio	Yes	Information	Community	As the need arises	Utilized as the need arises - Effective
Website	Yes	Information, to provide feedback and to interact	Community	Daily	Effective
Bulk SMS	Yes	Information	N/A	As the need arises	Effective
Local newspaper	Yes	Information, motivation and feedback	Community	Weekly	Effective
Press release	Yes	Information	Community	As the need arises	Effective
Posters	Yes	Information and motivation	Community, Staff	As the need arises	Effective
Loud Hailing	Yes	Information about event / meeting	Community	As the need arises	Needs to be reviewed
Brochures	Yes	Information	Community, Staff	As the need arises	Effective
Pamphlets	Yes	Information	Community, Staff	As the need arises	Effective

Table 53: Communication Platforms Utilised

## 2.14 WEBSITE

Municipalities are required to develop and maintain a functional website that displays relevant information as per the requirements of S75 of the MFMA and S21A and B of the Municipal Systems Act (“MSA”) as amended.

The website should serve as a mechanism to promote accountability and transparency to communities and therefore information posted should be accurate and timeously updated.

The municipal website is a key communication mechanism in terms of service offering, information sharing and public participation. It is a communication tool that should allow easy and convenient access to relevant information. The municipal website should serve as an integral part of the municipality’s communication strategy.

The table below gives an indication about the information and documents that are published on our website:

Description of information and/or document	Yes/No and/or Date Published
<b>Municipal contact details (Section 14 of the Promotion of Access to Information Act)</b>	
Full Council details	Yes
Contact details of the Municipal Manager	Yes
Contact details of the CFO	Yes
Physical address of the Municipality	Yes
Postal address of the Municipality	Yes
<b>Financial Information (Sections 53, 75, 79 and 81(1) of the MFMA)</b>	
Draft Budget 2016/17	Yes
Adjusted Budget 2016/17	Yes
Asset Management Policy	Yes
Customer Care, Credit Control & Debt Collection Policy	Yes
Indigent Policy	Yes
Funds and Reserves Policy	Yes
Investment & Cash Management Policy	Yes
Rates Policy	Yes
Supply Chain Management Policy	Yes
Tariff Policy	Yes
Virement Policy	Yes
Petty Cash Policy	Yes
Travel and Subsistence Policy	Yes
Long Term Financial Policy	Yes
Grants-In-Aid Policy	Yes
Borrowing Policy	Yes
SDBIP 2016/17	Yes
<b>Integrated Development Plan and Public Participation (Section 25(4)(b) of the MSA and Section 21(1)(b) of the MFMA)</b>	
Reviewed IDP for 2016/17	Yes
IDP Process Plan for 2016/17	Yes
<b>Supply Chain Management (Sections 14(2), 33, 37 &amp;75(1)(e)&amp;(f) and 120(6)(b)of the MFMA and Section 18(a) of the National SCM Regulation)</b>	
List of capital assets that have been disposed	Yes
Long Term borrowing contracts	Yes
SCM contracts above R30 000	Yes
Contracts which impose a financial obligation on the municipality beyond 3 years	Yes
Section 37 of the MFMA (Unsolicited Bids/Contracts)	Yes
Public-Private Partnership agreement	Yes

Description of information and/or document	Yes/No and/or Date Published
Service delivery agreements	Yes
Public invitations for formal price quotations	Yes
<b>Reports (Sections 52(d), 71, 72 &amp; 75(1)(c) and 129(3) of the Municipal Finance Management Act)</b>	
Annual Report of 2015/16	Yes
Oversight reports	Yes
Mid-year budget and performance assessment	Yes
Quarterly Reports	Yes
Monthly Budget Statement	Yes
<b>Local Economic Development (Section 26(c) of the MSA)</b>	
Local Economic Development Strategy	Yes
<b>Performance Management (Section 75(1)(d) of the MFMA)</b>	
Performance agreements for employees appointed as per S57 of MSA	Yes
<b>Assurance Functions (Sections 62(1), 165 &amp; 166 of the MFMA)</b>	
Internal Audit Charter	Yes
Audit Committee Charter	Yes
Risk Management Policy	Yes

Table 54: Website Checklist

## 2.15 SUPPLY CHAIN MANAGEMENT

The Bitou Municipality Council has adopted the Supply Chain Management Policy Incorporating Preferential Procurement (SCM Policy) which are reviewed annually. The policy is implemented by a functional Supply Chain Management Unit (SCMU) under the direct supervision of the Chief Financial Officer.

The Municipal Manager has also implemented a delegation system for procurement-related actions, which includes the establishment of bid committees and the appointment of members. The delegations also allow for appropriate segregation of duties and councilors are not involved in any of the procurement and tender processes.

Suppliers are informed on a continuous basis of the functions of SCM on various occasions of public engagement and an automated Supplier Database, which is updated daily, is in operation. Oversight reports are submitted regularly to Council on awards made and deviations from the requirements of the SCM Policy

## 2.15.1 HIGHLIGHTS: SUPPLY CHAIN MANAGEMENT

The table below specifies the highlights for the year:

Highlights	Description
Positive assessment by the Auditor-General	3 <sup>rd</sup> successive year of no material findings on the activities of the SCMU for the 2015/16 financial year
The continuous development and review of standardized documents, processes and procedures	Various SCM processes have been developed and documented
Maintenance of low stock losses	Consumable stores materials written down due to losses have increased marginally but has been maintained at low levels (less than 2% of inventory on hand)
Roll-out of centralized procurement- Phase 1 & 2	Further implementation of centralised procurement with development of readiness of buyers

Table 55: Highlights: Supply Chain Management

## 2.15.2 CHALLENGES: SUPPLY CHAIN MANAGEMENT

The table below specifies the challenges for the year:

Description	Actions to address
The institutionalisation of demand management	Development of a culture of demand management planning by drafting a plan
Inadequate utilisation of IT systems	Training on the new mSCOA systems and platforms on the FMS
Fragmented procurement	Appointment of staff for the buyer's section to roll-out centralised online procurement

Table 56: Challenges: Supply Chain Management

## 2.15.3 COMPETITIVE BIDS IN EXCESS OF R200 000

 a) **Bid Committee Meetings**

The competitive bidding process and bid committee structures are functioning effectively. Members of the bid committees are required to complete the attendance register and declare to undertake the following:

- That all information, documentation and decisions regarding any matter before the committee is confidential and undertakes not to make known anything in this regard;
- To treat all service providers and potential service providers equitably and will not purposefully favour or prejudice anybody; and

● To make known details of any private or business interest he or she or any close family member, partner or associate may have in any proposed procurement or disposal of, or in any award or contract that they will immediately withdraw from participating in any matter whatsoever.

The bid committees have been conducted regularly through the year with attendance closely monitored in compliance with Council's SCM Policy. The following table details the number of bid committee meetings held for the 2016/17 financial year:

Bid Specification Committee	Bid Evaluation Committee	Bid Adjudication Committee
47	44	28

Table 57: Bid Committee Meetings

A Bid Specification Committee must be composed of one or more officials of the municipality, preferably the manager responsible for the function involved should at least be represented, and may, when appropriate, include external specialist advisors.

The attendance percentage of members of the Bid Specification Committee are as follows:

Committee	Number of meetings attended	Percentage attendance for quorum
Bid Specification Committee	47	100%

Table 58: Attendance of Bid Specification Committee

A Bid Evaluation Committee must as far as possible be composed of-

- (a) officials from departments requiring the goods or services; and
- (b) at least one supply chain management practitioner of the municipality.

The attendance percentage of members of the Bid Evaluation Committee are as follows:

Committee	Number of meetings attended	Percentage attendance for quorum
Bid Evaluation Committee	44	100%

Table 59: Attendance of Members of Bid Evaluation Committee

The attendance percentage of members of the Bid Adjudication Committee are as follows:

Committee	Number of meetings attended	Percentage attendance for quorum
Bid Adjudication Committee	28	100%

Table 60: Attendance of Members of Bid Adjudication Committee

The bid committees processed 67 tenders for awards valued in excess of R 210 million:

	Tenders processed	2015/16	2016/17
1	Tenders Awarded	87	67
2	Contracts Awarded	132	122
3	Value of Tenders Awarded	R256 192 000	R210 390 000
4	Number of Appeals Received	1	1
5	Number of successful appeals	0 (3 unresolved)	0 (4 unresolved)

Table 61: Tenders Processed

**b) Awards Made by the Bid Adjudication Committee**

The ten highest bids awarded by the Bid Adjudication Committee are as follows:

Bid number	Title of bid	Successful Bidder	Value of bid awarded
			R
SCM/2017/07/FIN	Supply & Delivery of Reticulation Materials	Incledon (Pty) Ltd	R9 999 999.99
SCM/2017/07/FIN	Supply & Delivery of Reticulation Materials	Joat Sales and Services (Pty) Ltd	R9 999 999.99
SCM/2017/76/COMM	Provision of Security Services	Shelf Plett 40 CC t/a Isolomzi Security	R9 950 137.92
SCM/2017/07/FIN	Supply & Delivery of Reticulation Materials	Plumblink SA (Pty) Ltd	R7 342 469.14
SCM/2017/18/ENG	Upgrading of Bulk Infrastructure of Kwanokuthula (Phase 2B)	VE Reticulation (Pty)Ltd	R6 537 613.86
SCM/2017/04/ENG	Supply & delivery of Vehicles: Item: 6; 7; 8	Short's Nissan CC	R4 826 985.72
SCM/2017/12/ENG	Construction of a Driver's License Testing Centre in Plettenberg Bay	Hyman Masterfence CC	R4 790 277.49
SCM/2017/129/ENG	Operation & Maintenance of 2ML Per Day Desalination Plant	Veolia Water Solutions & Technologies SA (Pty) Ltd	R4 527 592.41
SCM/2017/74/ENG	Supply & delivery of Vehicles: Item 1 - Hook-lift Trucks	Short's Nissan CC t/a Shorts Nissan	R4 041 359.28
SCM/2017/14/ENG	Supply & Delivery of Pre-paid Split Meters	Conlog (Pty) Ltd t/a Conlog	R3 922 432.20

Table 62: Ten Highest Bids Awarded by Bid Adjudication Committee

c) **Awards Made by the Accounting Officer**

Bids awarded by the Accounting Officer are as follows:

Bid number	Title of bid	Directorate and section	Value of bid awarded
			R
SCM/2017/128/FIN	Provision of External Loans: Long Term Debt – R24 998 191	ABSA Bank Ltd	R41 015 994.00
SCM/2017/28/FIN	The Provision of Operational ICT Maintenance & Support Services & Goods	Dimension Data (Pty) Ltd	R14 475 719.03
SCM/2017/56/ENG	Resurfacing of Roads	Entsha Henra CC	R11 897 991.97

Table 63: Awards Made by Accounting Officer

 2.15.4 **DEVIATION FROM NORMAL PROCUREMENT PROCESSES**

Section 36 of Council's Supply Chain Management Policy allows the Accounting Officer to dispense with the official procurement processes. Deviations to the value of R10 576 086.97 were considered and approved and compares as follows to the previous financial year:

No	Description	2016/17	2015/16
1.	Tenders awarded	67	85
2.	Contracts concluded resulting from the tenders. (Individual suppliers or service providers appointed as a result of the tenders awarded)	122	132
3.	Estimated value of tenders awarded	R210 390 million	R256 192 million
4.	Number of appeals received	1	1
5.	Number of appeals in progress	4 (2 of Q2- 2014/15 still in progress)	
6.	Number of successful appeals	0	0
7.	Number of Contracts awarded to B-BBEE Enterprises	111	114
8.	Value of contracts awarded to B-BBEE Enterprises	R190 527 million	R226 181 million
9.	% of contracts awarded to B-BBEE Enterprises	90.56%	88%
10.	Number of contracts awarded to Enterprises based in the Bitou Municipality Area	58	48
11.	Value of Contracts Awarded to Enterprises based in the Bitou Municipality Area	R82 009 million	R72 790 million
12.	% of Contracts Awarded to Enterprises based in the Bitou Municipality Area vs All Contracts	38.98%	28.41%
13.	Number of contracts awarded to B-BBEE Enterprises based in the Bitou Municipality Area	55	42
14.	Value of contracts awarded to B-BBEE Enterprises based in the Bitou Municipality Area vs All Contracts	R79 701 million	R69 573 million

No	Description	2016/17	2015/16
15.	% of contracts awarded to B-BBEE Enterprises based in the Bitou Municipality Area vs All Contracts	37.88%	27%

Table 64: Comparing Schedule

The decrease in the value of deviations and in the number of deviations are both indications of the improved diligence exercised in managing procurement in the Municipality. There is also a direct correlation between the reduction of deviations and the higher number of tenders processed. User-departments were continuously monitored closely, with all procurement transactions being subject to scrutiny by SCM officials, to ensure correct reporting to Council. The motivation for deviations, however, remains a huge concern.

The following table provides a summary of deviations approved for the financial year:

Reason for Deviation	Number of Applications Considered and Approved		Value of Applications Approved	
	2015/16	2016/17	2015/16	2016/17
Section 36(1)(a)(i)- In an emergency which is considered an unforeseeable and sudden event with materially harmful or potentially materially harmful consequences for the municipality which requires urgent action to address	14	12	1 334 998	1 217 620
Section 36(1)(a)(ii)- Where it can be demonstrated that goods or services are produced or available from a single provider only	27	10	763 412	1 981 459
Section 36(1)(a)(iii)- For the acquisition of special works of art or historical objects where specifications are difficult to compile	3	0	32 100	0
Section 36(1)(a)(v)- Exceptional case and it is impractical or impossible to follow the official procurement processes	111	87	8 445 577	4 213 638
<b>Total</b>	<b>155</b>	<b>109</b>	<b>10 576 087</b>	<b>7 412 717</b>

Table 65: Statistics of Deviations from the SCM Policy

Most deviations may be addressed via competitive bidding processes and this office is continuing to pro-actively assist user-departments with the sourcing of specifications to attempt to further reduce the occurrence or re-occurrence of some deviations.

## 3.1 OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION

Performance management is a process which measures the implementation of the organisation's strategy. It is also a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the Municipality.

At local government level performance management is institutionalized through the legislative requirements on the performance management process for Local Government. Performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organisation and its employees, are met.

### 3.1.1 LEGISLATIVE REQUIREMENTS

The Constitution of S.A (1996), Section 152, dealing with the objectives of local government paves the way for performance management with the requirements for an “accountable government”. The democratic values and principles in terms of Section 195 (1) are also linked with the concept of performance management, with reference to the principles of *inter alia*:

- the promotion of efficient, economic and effective use of resources
- accountable public administration
- to be transparent by providing information
- to be responsive to the needs of the community
- to facilitate a culture of public service and accountability amongst staff

The Municipal Systems Act (MSA), (Act 32 of 2000) requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

In terms of Section 46(1)(a) of the MSA a municipality must prepare for each financial year a performance report reflecting the municipality's and any service provider's performance during the financial year, including comparison with targets of and with performance in the previous financial year. The report must, furthermore, indicate the development and service delivery priorities and the performance targets set by the municipality for the following financial year and measures that were or are to be taken to improve performance.

### 3.1.2 ORGANISATION PERFORMANCE

Strategic performance indicates how well the municipality is meeting its objectives and which policies and processes are working. All government institutions must report on strategic performance to ensure that service delivery is efficient, effective and economical. Municipalities must develop strategic plans and allocate resources for the implementation. The

implementation must be monitored on an ongoing basis and the results must be reported on during the financial year to various role-players to enable them to timeously implement corrective measures where required.

This report highlights the strategic performance in terms of the Municipality's Top Layer Service Delivery Budget Implementation Plan (SDBIP), performance on the National Key Performance Indicators prescribed in terms of Section 43 of the MSA and an overall summary of performance on municipal services.

### 3.1.3 THE PERFORMANCE SYSTEM FOLLOWED FOR 2016/17

#### a) The IDP and the budget

The reviewed IDP and the budget for 2016/17 was approved by Council on 31 May 2016. The IDP and the performance management process are integrated. The IDP fulfils the planning stage of performance management. Performance management in turn, fulfils the implementation management, monitoring and evaluation of the IDP.

#### b) The Service Delivery Budget Implementation Plan

The organisational performance is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level.

The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business process of the municipality is implemented. It also allocates responsibility to directorates to deliver the services in terms of the IDP and budget.

The Top Layer SDBIP was approved by the Executive Mayor on 27 June 2016.

The following were considered in the development of the amended Top Layer SDBIP:

- ⌚ Areas to be addressed and root causes of the Auditor-General management letter, as well as the risks identified during the 2015/16 audit
- ⌚ Alignment with the IDP, National KPA's, Municipal KPA's and IDP objectives
- ⌚ Alignment with the adjustments budget
- ⌚ Oversight Committee Report on the Annual Report of 2015/16
- ⌚ The risks identified by the Internal Auditor during the municipal risk analysis

#### c) Actual performance

The Municipality utilizes an electronic web based system on which KPI owners update actual performance on a monthly basis. KPI owners report on the results of the KPI by documenting the following information on the performance system:

- ⌚ The actual result in terms of the target set
- ⌚ A performance comments
- ⌚ Actions to improve the performance against the target set, if the target was not achieved

It is the responsibility of every KPI owner to maintain a portfolio of evidence to support actual performance results updated.

### 3.1.4 PERFORMANCE MANAGEMENT

Performance management is prescribed by the MSA and the Municipal Planning and Performance Management Regulations, (796 of August 2001), Section 7(1) of the aforementioned regulation states that “A Municipality’s Performance Management System entails a framework that describes and represents how the municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the responsibilities of the different role players.” This framework, *inter alia*, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance. The Municipality adopted a performance management framework that was approved by Council in 2009.

#### a) Organisational Performance

The organisational performance is monitored and evaluated via the SDBIP and the performance process can be summarised as follows:

- The top-layer SDBIP was approved by the Executive Mayor on 27 June 2016
- The web-based system sent automated e-mails to the users of the system as a reminder to all staff responsible for updating their actual performance against key performance indicator targets every month for the previous month’s performance.
- The mid-year performance evaluation was held for the MM and HOD’s on 12 July 2017 for the period 1 July 2016 – 31 December 2016
- A mid-year budget and performance (Section 72) report was compiled within the legislative timeframes, tabled to Council and approved and submitted to Provincial Treasury.
- Roll-out of performance agreements for other levels of management will be cascaded down in stages over next financial years.
- Internal Audit conducted an audit on the top layer SDBIP for all quarters and reported to the Performance Audit Committee on a quarterly basis.
- The Audit Committee also acts as the Performance Audit Committee and is fully functional.

#### b) Individual Performance Management

##### Senior Management

The MSA prescribes that the municipality must enter into performance based agreements with all S57-employees and that performance agreements must be reviewed annually. This process and the format are further regulated by the Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers (Regulation

805, August 2006). The performance agreements for the Municipal Manager and applicable directors for the 2016/17 financial year was signed on the following dates:

- HOD: Strategic Services: 29 June 2016
- HOD: Community Services: 28 June 2016
- HOD: Finance/ CFO: 29 June 2016
- HOD: Engineering Services: 30 June 2016
- Municipal Manager: 29 June 2016
- HOD: Corporate Services: 29 June 2016

## Other Municipal Personnel

The municipality is in process to implement individual performance management to lower level staff in annual phases.

### 3.2 INTRODUCTION TO STRATEGIC AND MUNICIPAL PERFORMANCE FOR 2016/17

#### 3.2.1 STRATEGIC SDBIP (TOP LAYER)

The purpose of strategic performance reporting is to report specifically on the implementation and achievement of IDP outcomes. This section provides an overview on the strategic achievement of a municipality in terms of the strategic intent and deliverables achieved as stated in the IDP. The Top Layer SDBIP is the Municipality's strategic plan and shows the strategic alignment between the different documents. (IDP, budget and performance agreements)

In the paragraphs below the performance achieved is illustrated against the Top Layer SDBIP according to the IDP (strategic) objectives.

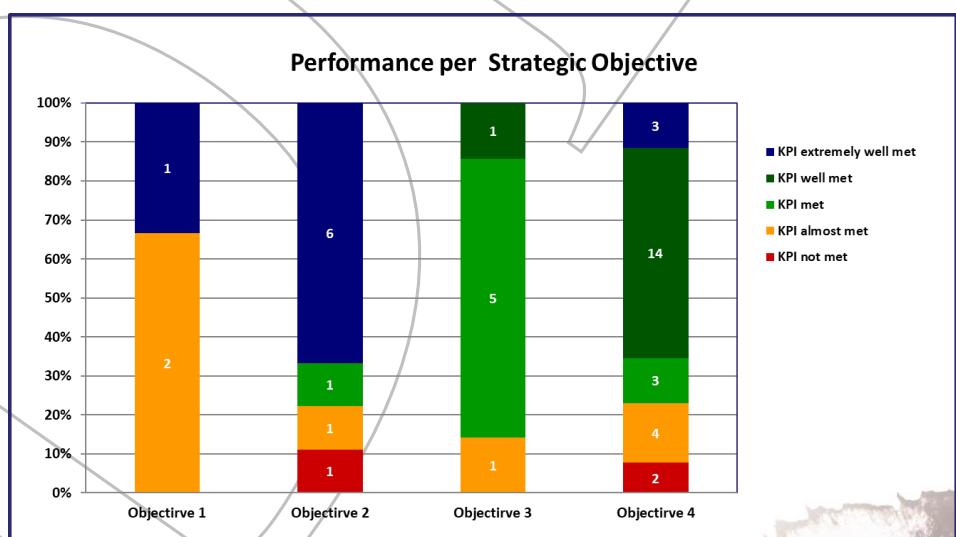
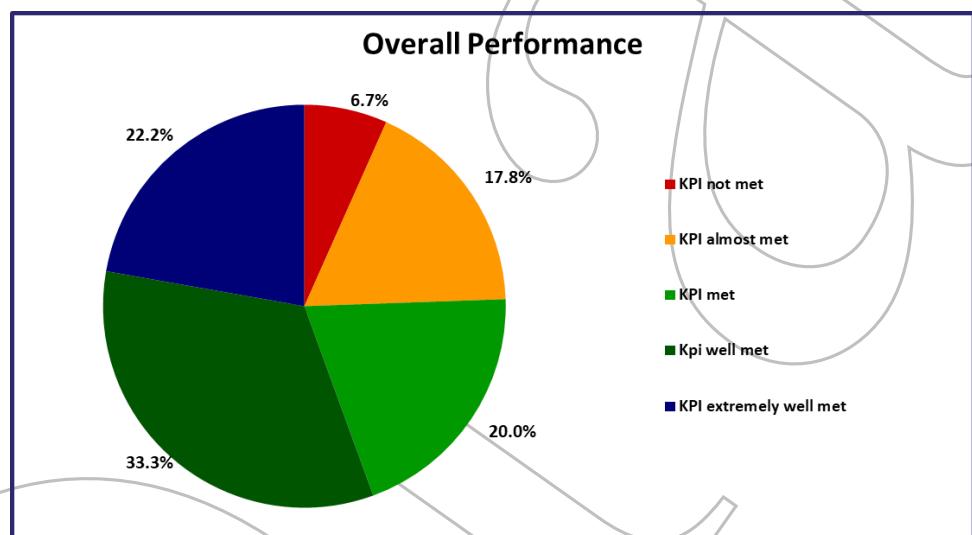
The following figure explains the method by which the overall assessment of actual performance against targets set for the key performance indicators (kpi's) of the SDBIP is measured:

Category	Colour	Explanation
KPI Not Yet Measured	N/A	KPI's with no targets or actuals in the selected period
KPI Not Met	R	0% $\geq$ Actual/Target < 75%
KPI Almost Met	O	75% $\geq$ Actual/Target < 100%
KPI Met	G	Actual/Target = 100%
KPI Well Met	G2	100% $>$ Actual/Target < 150%
KPI Extremely Well Met	B	Actual/Target $\geq$ 150%

Figure 2.: SDBIP Measurement Categories

### a) Overall performance

The graph below displays the overall performance per Strategic Objective for 2016/17:



Measurement Category	Objective 1	Objective 2	Objective 3	Objective 4	Total
	Create an institution that can align planning with implementation for effective and efficient service delivery	To be a financially viable institution geared to provide affordable and sustainable services to the clientele of Bitou Municipality	To develop a municipal governance system that complies with international best practice	To ensure efficient and affordable basic services to all residents of Bitou	
<b>KPI Not Met</b>	0	1	0	2	3
<b>KPI Almost Met</b>	2	1	1	4	8
<b>KPI Met</b>	0	1	5	3	9
<b>KPI Well Met</b>	0	0	1	14	15
<b>KPI Extremely Well Met</b>	1	6	0	3	10
<b>Total</b>	<b>3</b>	<b>9</b>	<b>7</b>	<b>26</b>	<b>45</b>

Table 66: Overall Performance Per Strategic Objectives for 2016/17

**b) Actual strategic performance and corrective measures that will be implemented**

i) **Create an institution that can align planning with implementation for effective and efficient service delivery**

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2016/17				
					Target				Actual
					Q1	Q2	Q3	Q4	
TL11	Percentage of people equal to 90% from employment equity target groups employed in the three highest levels of management in compliance with the municipality's approved employment equity plan by 30 June 2017 {((Number of people from employment equity target groups employed (appointed) in the three highest levels of management in compliance with a municipality's approved employment equity plan/ Number of people employed (appointed) in the three highest levels of management)x100)}	% of people equal to 90% from employment equity target groups employed in the three highest levels of management in compliance with municipality's approved employment equity plan by 30 June 2017	All	72.72%	90%	90%	90%	90%	80% <span style="background-color: orange;">0</span>
<b>Corrective action</b>		Due to the moratorium placed on all vacancies the target of 90% was not reached. The Executive Management Team must emphasize the importance of the Employment Equity and ensure that EE Targets are met at all times.							

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2016/17					
					Target					Actual
					Q1	Q2	Q3	Q4	Annual	
		occupational levels. Council Resolution (C/3/37/05/17) has not approved the revised process for the recruitment & selection process for the Head: Community Services								
TL12	Spent 0.1% of operational budget on training by 30 June 2017 { (Actual total training expenditure divided by total operational budget) x100 }	% of operational budget spent on training	All	0.38%	0%	0%	0%	0.10%	0.10%	0.22% B
TL26	90% of funded posts filled by 30 June 2017 { (Actual funded posts filled divided by approved funded posts) x100 }	% of funded posts filled by 30 June 2017	All	90%	90%	90%	90%	90%	90%	80% O
<b>Corrective action</b>		Work-study and review of the organizational structure is in progress. This might reduce the vacancies on the current structure which will assist to reduce the total salary budget								

Table 67: Top Layer SDBIP – Create an institution that can align planning with implementation for effective and efficient service delivery

**ii) To be a financially viable institution geared to provide affordable and sustainable services to the clientele of Bitou Municipality**

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2016/17					
					Target					Actual
					Q1	Q2	Q3	Q4	Annual	
TL5	Provide subsidies for free basic water to indigent households and sub economic households as at 30 June 2017	Number of indigent and sub economic households receiving subsidies for free basic water as per FMS as at 30 June 2017	All	6 180	4,378	4,378	4,378	4,378	4,378	7,103 B
TL6	Provide subsidies for free basic electricity to indigent households and sub economic households as at 30 June 2017	Number of indigent and sub economic households receiving subsidies for free basic electricity as per FMS as at 30 June 2017	All	6 807	4,378	4,378	4,378	4,378	4,378	7,440 B
TL7	Provide subsidies for free basic sanitation to indigent households and sub economic households as at 30 June 2017	Number of indigent and sub economic households receiving subsidies for free basic sanitation as per FMS as at 30 June 2017	All	6 538	4,378	4,378	4,378	4,378	4,378	6,777 B
TL8	Provide subsidies for free basic refuse removal to indigent households and sub economic households as at 30 June 2017	Number of indigent and sub economic households receiving subsidies for free basic refuse removal as per FMS as at 30 June 2017	All	6 538	4,378	4,378	4,378	4,378	4,378	6,773 B
TL13	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2017	% of debt coverage	All	36%	0%	0%	0%	35%	35%	33.19% B

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2016/17						Actual	
					Target							
					Q1	Q2	Q3	Q4	Annual			
	(Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue											
TL14	Financial viability measured in terms of the outstanding service debtors as at 30 June 2017 ((Total outstanding service debtors/ revenue received for services)X100)	% of outstanding service debtors	All	13%	0%	0%	0%	11.80%	11.80%	13.12%	R	
<b>Corrective action</b>		Stricter debt collection measures to be implemented										
TL15	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2017 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	Number of months it takes to cover fix operating expenditure with available cash	All	3.27	0	0	0	2	2	3.157	B	
TL27	Achieve a debtor payment percentage of 95% by 30 June 2017 [(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance+ Bad Debts Written Off)/Billed Revenue] x 100	% debtor payment achieved	All	98%	95%	95%	95%	95%	95%	93.11%	O	
TL28	Compile a plan to address the audit findings for the 2015/16 financial year and submit to the Municipal Manager by 31 January 2017	Plan completed and submitted to MM by 31 January 2017	All	1	0	0	1	0	1	1	G	

Table 68: Top Layer SDBIP – To be a financially viable institution geared to provide affordable and sustainable services to the clientele of Bitou Municipality

 iii) **To develop a municipal governance system that complies with international best practice**

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2016/17						Actual	
					Target							
					Q1	Q2	Q3	Q4	Annual			
TL9	The percentage of the municipal capital budget actually spent on capital projects as at 30 June 2017 {(Actual amount spent on	% the capital budget spent on capital projects as at 30 June 2017	All	86%	15%	30%	60%	90%	90%	89.11%	O	

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2016/17						
					Target						
					Q1	Q2	Q3	Q4	Annual		
	capital projects /Total amount budgeted for capital projects)X100}										
<b>Corrective action</b>		Stricter control and monitoring measures to be implemented									
TL23	Compile and submit the final Annual Report and oversight report to Council by 31 March 2017	Final Annual Report and oversight report submitted to Council by 31 March 2017	All	1	0	0	1	0	1	1	G
TL24	Review and submit the final IDP for 2017/2018 financial year to Council by 31 May 2017	IDP reviewed and submitted to Council by 31 May 2017	All	1	0	0	0	1	1	1	G
TL42	Compile and submit the Risk Based Audit Plan (RBAP) for the 2017/2018 financial year to the Audit committee by 30 June 2017	A Risk Based Audit Plan for the 2016/2017 financial year compiled and submitted to the Audit Committee by 30 November 2016	All	1	0	1	0	0	1	1	G
TL43	80% of audits completed as scheduled in the RBAP applicable for 2016/17 by 30 June 2017 (Actual audits completed divided by the audits scheduled for the year)x100	% of audits completed as at 30 June 2016	All	86%	20%	40%	60%	80%	80%	81.25%	G2
TL44	Facilitate the quarterly meetings of the audit committee for the 2016/2017 financial year.	Number of meetings held during the 2016/2017 financial year	All	4	1	1	1	1	4	4	G
TL45	Complete the annual risk assessment and submit to the audit committee by 30 June 2017	Risk assessment submitted to the audit committee by 30 June 2017	All	New KPI for 2016/17. No audited comparatives available	0	0	0	1	1	1	G

Table 69: Top Layer SDBIP – To Develop a Municipal Governance System That Complies with International Best Practise

#### iv) To ensure efficient and affordable basic services to all residents of Bitou

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2016/17						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL1	Provide piped water to properties which are connected to the municipal water infrastructure network and billed for the service as at 30 June 2017	Number of properties that receive piped water as per the FMS as at 30 June 2017	All	10 581	10,516	10,516	10,516	10,516	10,516	11,506	G2
TL2	Provide electricity to properties connected to the municipal electrical	Number of properties connected to the municipal electrical	All	12 075	11,527	11,527	11,527	11,527	11,527	12,317	G2

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2016/17					
					Target					Actual
					Q1	Q2	Q3	Q4	Annual	
	infrastructure network and billed for the service as well as prepaid electrical metering as at 30 June 2017	infrastructure network (credit and prepaid electrical metering) as per the FMS as at 30 June 2017								
TL3	Provide sanitation services to properties which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets) as at 30 June 2017	Number of residential properties which are billed for sewerage in accordance with the financial system as at 30 June 2017	All	12 123	11,706	11,706	11,706	11,706	11,706	12,775 G2
TL4	Provide refuse services to properties for which refuse is removed and billed for the service as at 30 June 2017	Number of properties which are billed for refuse removal as per the FMS as at 30 June 2017	All	10 338	16,665	16,665	16,665	16,665	16,665	14,041 O
<b>Corrective action</b>		Number as recorded on FMS. Should investigate the difference between actual and target								
TL10	Create 40 FTE's in terms of the EPWP during the 2016/2017 financial year by 30 June 2017	Number of FTE's created by 30 June 2017	All	264	0	10	0	40	40	219 B
TL16	Complete the construction of the Composting Facility of the Refuse Transfer Station by 30 June 2017	Construction completed by 30 June 2017	All	New KPI 2016/17. No audited comparatives available	0	0	0	1	1	1 G
TL17	Complete the New Horizon housing project totaling 62 houses by 30 June 2017	Number of houses completed by 30 June 2017	4	New KPI 2016/17. No audited comparatives available	0	0	0	62	62	62 G
TL18	Complete the installation of services to 346 erven in Kwanokuthula by 30 June 2017	Number of serviced erven completed by 30 June 2017	5; 6	New KPI 2016/17. No audited comparatives available	0	0	0	346	346	441 G2
TL19	Complete Green Valley housing project totaling 20 houses by 30 June 2017	Number of houses completed by 30 June 2017	1	New KPI 2016/17. No audited comparatives available	0	0	0	20	20	0 R
<b>Corrective action</b>		This project could not be completed due to Eskom electrical connections that is outstanding								
TL20	90% of the budget for the upgrade of the Green Valley Library spent by 30 June 2017	% of the budget spent by 30 June 2017	1	New KPI 2016/17. No audited comparatives available	25%	50%	75%	90%	90%	90.56% G2

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2016/17					
					Target					Actual
					Q1	Q2	Q3	Q4	Annual	
TL21	Spend 90% of the budget for the construction of the Drivers License Testing Centre by 30 June 2017	% of the budget spent by 30 June 2017	All	New KPI 2016/17. No audited comparatives available	5%	25%	60%	90%	90%	95% <span style="background-color: green; color: white;">G2</span>
TL22	Spend 90% of the refuse removal maintenance budget by 30 June 2017 {(Actual expenditure on maintenance budget divided by the total approved maintenance budget)x100}	% of the refuse removal maintenance budget spent by 30 June 2017	All	71.45%	10%	30%	70%	90%	90%	33.71% <span style="background-color: red; color: white;">R</span>
TL25	Complete the land audit and submit to Council by 30 June 2017	Land audit completed and report submitted to Council by 30 June 2017	All	1	0	0	0	1	1	1 <span style="background-color: green; color: white;">G</span>
TL29	75% of the electricity maintenance budget spent by 30 June 2017 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the electricity maintenance budget spent by 30 June 2017	All	121.51%	10%	30%	50%	75%	75%	82.32% <span style="background-color: green; color: white;">G2</span>
TL30	90% of the electricity capital budget spent by 30 June 2017 {(Actual capital expenditure divided by the total approved capital budget)x100}	% of the electricity capital budget spent by 30 June 2017	All	98.73%	5%	20%	60%	90%	90%	95.29% <span style="background-color: green; color: white;">G2</span>
TL31	75% of the roads and stormwater maintenance budget spent by 30 June 2017 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the roads and stormwater maintenance budget spent by 30 June 2017	All	98.23%	10%	30%	50%	75%	75%	87.31% <span style="background-color: green; color: white;">G2</span>
TL32	90% of the roads and stormwater capital budget spent by 30 June 2017 {(Actual capital expenditure divided by the total approved capital budget)x100}	% of the roads and stormwater capital budget spent by 30 June 2017	All	76%	5%	20%	60%	90%	90%	89.38% <span style="background-color: orange; color: white;">O</span>
<b>Corrective action</b>		Target was not met due to suspension of Human Settlement Projects. Spending should be monitor more closely								
TL33	75% of the sewerage maintenance budget spent by the end of June 2017{(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the sewerage maintenance budget spent by 30 June 2017	All	90.45%	10%	30%	50%	75%	75%	112.05% <span style="background-color: green; color: white;">G2</span>
TL34	90% of the sewerage capital budget spent by the end of June 2017 {(Actual capital expenditure divided by the	% of the sewerage capital budget spent by 30 June 2017	All	93.24%	5%	20%	60%	90%	90%	84.21% <span style="background-color: orange; color: white;">O</span>

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2016/17					
					Target					Actual
					Q1	Q2	Q3	Q4	Annual	
	total approved capital budget)x100}									
<b>Corrective action</b>		Target was not met due to suspension of Human Settlement Projects. Spending should be monitor more closely								
TL35	75% of the water maintenance budget spent by the end of June 2017{(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the water maintenance budget spent by 30 June 2017	All	72.19%	10%	30%	50%	75%	75%	97.71% G2
TL36	90% of the water capital budget spent by the end of June 2017 {(Actual capital expenditure divided by the total approved capital budget)x100}	% of the water capital budget spent by 30 June 2017	All	91.49%	5%	20%	60%	90%	90%	87.17% O
<b>Corrective action</b>		Target was not met due to suspension of Human Settlement Projects. Spending should be monitor more closely								
TL37	Limit unaccounted for water to less than 25% by 30 June 2017 {(Number of Kiloliters Water Purchased or Purified - Number of Kiloliters Water Sold (incl free basic water) / Number of Kiloliters Water Purchased or Purified × 100)}	% unaccounted water by 30 June 2017	All	17%	25%	25%	25%	25%	25%	7.6% B
TL38	Install water connections to 460 houses during 2016/17 by 30 June 2017	Number of water connections installed by 30 June 2017	1; 2; 4; 6	New KPI 2016/17. No audited comparatives available	0	0	0	460	460	525 G2
TL39	Install electricity connections to 70 houses during 2016/17 by 30 June 2017	Number of water connections installed by 30 June 2017	1; 4	New KPI 2016/17. No audited comparatives available	0	0	0	70	70	130 B
TL40	95% of water samples comply with SANS241 micro biological indicators for the 2016/17 financial year	% of water samples compliant	All	New KPI 2016/17. No audited comparatives available	95%	95%	95%	95%	95%	99.9% G2
TL41	90% of test results of outflow water comply with permit values for the 2016/17 financial year	% of test results within permit values	All	New KPI 2016/17. No audited comparatives available	90%	90%	90%	90%	90%	100% G2

Table 70: Top Layer SDBIP – To ensure efficient and affordable basic services to all residents of Bitou

### 3.2.2 SERVICE PROVIDERS STRATEGIC PERFORMANCE

Section 76(b) of the MSA states that KPIs should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement. A service provider:

- means a person or institution or any combination of persons and institutions which provide to or for the benefit of the local community
- External service provider means an external mechanism referred to in Section 76(b) which provides a municipal service for a municipality
- Service delivery agreement means an agreement between a municipality and an institution or person mentioned in Section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality

During the year under review the Municipality did not appoint any service providers who provided municipal services to or for the benefit of the local community on behalf of the Municipality and therefore this report contains no such details. All other contract appointments are regularly monitored to ensure that the requirements of the contract are complied with.

### 3.2.3 MUNICIPAL FUNCTIONS

#### a) Analysis of Functions

The municipal functional areas are as indicated below:

Municipal Function	Municipal Function Yes / No
<b>Constitution Schedule 4, Part B functions:</b>	
Air pollution	No
Building regulations	Yes (Strategic Services)
Child care facilities	No
Electricity and gas reticulation	No
Firefighting services	Yes (Community Services)
Local tourism	Yes (Strategic Services)
Municipal airports	Yes (Corporate Services)
Municipal planning	Yes (Strategic Services)
Municipal health services	Yes (Shared service Eden DM)
Municipal public transport	Yes (Municipal Infrastructure Services Development)
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes (Municipal Infrastructure Services Development)

Municipal Function	Municipal Function Yes / No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	Yes (Community Services)
Stormwater management systems in built-up areas	Yes (Municipal Infrastructure Services Development)
Trading regulations	Yes (Strategic Services)
Water and sanitation services limited to potable water supply systems and domestic wastewater and sewage disposal systems	Yes (Municipal Infrastructure Services Development)
<b>Constitution Schedule 5, Part B functions:</b>	
Beaches and amusement facilities	Yes (Community Services)
Billboards and the display of advertisements in public places	Yes (Strategic Services)
Cemeteries, funeral parlours and crematoria	Yes (Community Services)
Cleansing	Yes (Community Services)
Control of public nuisances	Yes (Community Services)
Control of undertakings that sell liquor to the public	Yes (Community Services)
Facilities for the accommodation, care and burial of animals	Yes (Community Services)
Fencing and fences	Yes (Strategic Services)
Licensing of dogs	No
Licensing and control of undertakings that sell food to the public	Yes (Strategic Services)
Local amenities	Yes (Community Services)
Local sport facilities	Yes (Community Services)
Markets	No
Municipal abattoirs	No
Municipal parks and recreation	Yes (Community Services)
Municipal roads	Yes (Municipal Infrastructure Services Development)
Noise pollution	No
Pounds	No
Public places	Yes (Strategic Services) (Community Services)
Refuse removal, refuse dumps and solid waste disposal	Yes (Community Services)
Street trading	Yes (Strategic Services)
Street lighting	Yes (Municipal Infrastructure Services Development)
Traffic and parking	Yes (Municipal Infrastructure Services Development)

Table 71: Functional Areas

## 3.3 COMPONENT A: BASIC SERVICES

### 3.3.1 WATER PROVISION

#### a) Introduction to Water Provision

Water is a fundamental and indispensable natural resource – fundamental to life, the environment, food production, hygiene and power generation. Poverty reduction and improved water management are inextricably linked. Section 4B of the Constitution lists water and sanitation services limited to portable water supply systems and domestic waste water and sewerage disposal systems as a local government function. Basic water is defined as 200 litres of portable water per day supplied within 200 meters of a household.

The Municipality provides water and sanitation services at significantly higher levels than the basic Reconstruction and Development Programme (RDP) requirements. Almost all urban residents have access to uncontrolled water supply in houses or yards and full bore water sewerage. Maintenance of latrine pits is done by owners and not by the Municipality. The Municipality continuously strive to improve on the existing levels of service. The number of residential consumers of water is expected to increase in line with the growth in population. There are no significant wet industries in the Municipal area that receive water services from the Municipality.

The Municipality obtains water for human consumption from surface, groundwater, borehole sources and the desalination plant. Water quality tests results are available electronically and the required reporting to the Department of Water and Sanitation (DWS) takes place on a monthly basis. In rural areas (farms) the municipality does not supply water services. The communities use rainwater and groundwater sources.

Bulk water systems remain a high priority and all efforts are in place to meet the growth and to be ahead in planning for future infrastructure requirements.

In this respect, the surface water augmentation scheme is in place and components of this scheme are implemented as funding become available through Municipal Infrastructure Grant (MIG) and own sources. To this end 17km of new 500mm raw water supply main has been completed and in operation.

The planning for a future off channel dam at the Wadrift Site (where water from the Keurbooms River is stored) is still in progress. Exploration boreholes on the George Fault are currently being established along the raw water gravity mains at Uplands to explore the possibility of augmenting the water supply to the central water purification works (WTW) in Plettenberg Bay.

Sufficient water is required to supply an informal settlement of about 80 shacks located on Portion 22/422, Harkerville. The property is owned by the Municipality, who currently sources water for the community from a nearby farmer. Two boreholes were drilled during November 2016 on Portion 22/422, Harkerville each capable of meeting the water demand of the community.

The only raw water source for the Kurland WTW is the Wit River and abstraction from the Wit River alone proved insufficient to satisfy the projected peak month demand of 929 kL/d in 2032 (as per the Water Services Development Plan 2014/2015). The Municipality appointed Lyners Consulting Engineers to explore the possibility to drill a production borehole at the water purification site. Steyn's Drilling was appointed by Lyners Consulting Engineers and a borehole with a yield of ca. 4L/s was established in June 2017. More pumping tests are required to confirm the yield. This borehole will augment the existing capacity of the WTW to ca. 945 kL/day and will be sufficient to satisfy the projected peak month demand of 929 kL/day in 2032.

The only bulk water resource to Nature's Valley is the abstraction point and pump station in the Groot River. The capacity of the pump station and the WTW is sufficient for the future water demand. The rising main, reservoir and supply pipelines though are more than 25 years old and have deteriorated in such a way that the water supply is not reliable and sustainable anymore. The existing deteriorated 0,6 Mℓ reservoir will be replaced with a new 1,5 Mℓ reservoir. The 150 mm AC rising main will be replaced with a 160 mm unplasticised polyvinylchloride (UPVC) pipeline. The 75mm gravity main to the campsite will be replaced with a 110 mm UPVC pipeline and the 110 mm gravity pipeline from the reservoir to the township will be replaced with a 200mm UPVC pipeline.

#### b) Highlights: Water Provision

The table below specifies the highlights for the year:

Highlights	Description
Kurland: Augmentation of water supply	The Municipality appointed Lyners Consulting Engineers to explore the possibility to drill a production borehole at the water purification site. Steyn's Drilling was appointed by Lyners Consulting Engineers and a borehole with a yield of ca. 4L/s was established in June 2017
Harkerville: Groundwater development on portion 22/422	Two boreholes were drilled on Portion 22/422, Harkerville each capable of meeting the water demand of the community

Table 72: Water Provisions Highlights

#### c) Challenges: Water Provision

The table below specifies the challenges for the year:

Description	Actions to address
Natures Valley: Upgrade water supply The rising main, reservoir and supply pipelines are more than 25 years old and have deteriorated in such a way that the water supply is not reliable and sustainable anymore	The existing deteriorated 0,6 Mℓ reservoir must be replaced with a new 1,5 Mℓ reservoir. The 150 mm AC rising main must be replaced with a 160 mm UPVC pipeline. The 75 mm gravity main to the campsite must be replaced with a 110 mm UPVC pipeline and the 110 mm gravity pipeline from the reservoir to the township must be replaced with a 200 mm UPVC pipeline. The basic assessment process is completed and the application for environmental authorisation was submitted on 6 June 2017 to DEA&DP. Planned upgrades should commence in 2017/18
Plettenberg Bay: Pipe replacement	GLS Consulting Engineers was appointed to perform a pipe replacement prioritisation study. Application for Accelerated

Description	Actions to address
Many of the water reticulation infrastructure in central Plettenberg Bay is old and needs to be replaced	Community Infrastructure Programme (CIP) funding is crucial for the replacement of old AC pipes
Kranshoek Bulk water supply	Commenced with planning, design and environmental authorization process for upgrading of the water pumpstation at Brakkloof Reservoir and construction of new water pipelines from Brakkloof to Kranshoek and surrounding areas. Construction work should commence in the 2017/2018 financial year after approval of all statutory processes

Table 73: Water Provision Challenges

#### d) Water Provision Service Delivery Levels

Below is a table that specifies the total use of water by sector:

Total Use of Water by Sector (cubic meters)				
Year	Agriculture	Forestry	Industrial	Domestic
2015/16	No info	No info	20 257	3 205 273
2016/17	No info	No info	23 651	3 124 220

Table 74: Total Use of Water by Sector

The following table specifies the different water service delivery levels per households for the financial years 2015/16 and 2016/17:

Description	2015/16	2016/17
	Actual	Actual
<b>Household</b>		
<b><u>Water: (above minimum level)</u></b>		
Piped water inside dwelling	14 778	14 844
Piped water inside yard (but not in dwelling)	6	0
Using public tap (within 200m from dwelling)	850	863
Other water supply (within 200m)	0	0
<b>Minimum Service Level and Above Sub-total</b>	<b>15 634</b>	<b>15 707</b>
<b>Minimum Service Level and Above Percentage</b>	<b>100</b>	<b>100</b>
<b><u>Water: (below minimum level)</u></b>		
Using public tap (more than 200m from dwelling)	0	0
Other water supply (more than 200m from dwelling)	0	0
No water supply	0	0
Below Minimum Service Level Sub-total	0	0
Below Minimum Service Level Percentage	0	0
<b>Total number of households (formal and informal)</b>	<b>15 634</b>	<b>15 707</b>

Include informal settlements



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Table 75: Water Provision Service Delivery Levels

Access to Water			
Financial year	Number of households with access to water points*	Number of households with access to piped water	Number of households receiving 6 kl free#
2015/16	850	14 779	3 500
2016/17	863	14 844	4 274

\* Means access to 25 litres of potable water per day supplied within 200m of a household and with a minimum flow of 10 litres per minute; # 6,000 litres of potable water supplied per formal connection per month

Table 76: Access to Water

## e) Employees: Water Provision

The following table indicates the staff composition for this division:

Job Level	2015/16		2016/17		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	15	11	7	4	36
4 - 6	7	16	8	8	50
7 - 9	0	8	7	1	13
10 - 12	1	3	3	0	0
13 - 15	1	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>24</b>	<b>38</b>	<b>25</b>	<b>13</b>	<b>34</b>

Table 77: Employees: Water Provision

## f) Capital: Water Provision

The following table indicates the capital expenditure for this division:

Capital Projects/	R'000			
	2016/17			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget
Tools and Equipment	300	300	274	26
Reticulation Upgrades & Replace	900	900	968	(68)
Water Demand Management (Pressure)	455	455	399	56



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Capital Projects/	R'ooo			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget
Qolweni Phase 3: Water (DOHS)	0	205	19	(19)
Kwano Civil Services Phase 4	1 041	1 972	1 848	(808)
Green Valley Phase 1 (21)	77	88	85	(8)
Green Valley Phase 2, 3 & 4	86	98	85	0
New Horizons (63)	227	259	228	0
Qolweni/Bossiesgif Ph 4a (410)	690	88	89	601
Kwanokuthula Phase 5 (1000)	94	107	72	22
Shell Ultra City (167)	64	8	5	59
Ebenhaezer Portions 3,20,42,44	75	85	83	(8)
Green Valley Phase 1	137	28	55	82
Supply to Kwano & Surrounds	2 193	1 754	1 574	619
Qolweni/Bossiesgif Ph 4b (301)	148	63	44	104
Harkerville (80)	27	19	0	27
Kranshoek: New Water Supply (UDP)	439	2 632	2 269	(1 830)
Natures Valley: Upgrade Water Supply	500	500	596	(96)
Plett: Upgrade/Install Telemetry (WMP)	200	0	0	200
Security for Key Sites-CRR	250	0	0	250
Pump Station Equipment	500	500	666	(166)
Kwano Civil Services Phase 4	146	0	0	146
Green Valley Phase 1 (21)	11	0	0	11
Green Valley Phase 2, 3 & 4	12	0	0	12
New Horizons (63)	32	0	0	32
Qolweni/Bossiesgif Ph 4a (410)	97	0	0	97
Kwanokuthula Phase 5 (1000)	13	0	0	13
Shell Ultra City (167)	9	0	0	9
Ebenhaezer Portions 3,20,42,44	10	0	0	10
Qolweni/Bossiesgif Ph 4b (301)	21	0	0	21
Harkerville (80)	4	0	0	4
Roodefontein Dam Upgrades 3	500	500	223	277
Kranshoek: New Water Supply	500	0	0	500
Harkerville Bulk Water Supply	500	500	328	172
Kurland Phase 3 & 4	0	24	4	(4)
Kranshoek Phase 3, 4 & 5	0	48	0	0

Capital Projects/	R'ooo			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget
New Wadrift Dam (Own Contr)	1 620	1 620	1 732	(112)
Kurland:New Water Supply(Own)	500	200	118	382
Natures Valley:New Sewerage Sy	500	0	0	500
Dunes: Upgrade Water Pipelines	900	950	649	251
Plett CBD:New Bulk Water Supply	300	0	0	300
<b>Total</b>	<b>14 076</b>	<b>13 901</b>	<b>11 191</b>	<b>1 665</b>

Table 78: Capital Expenditure 2016/17: Water Provision

### 3.3.2 WASTE WATER (SANITATION) RETICULATION

#### a) Introduction to Water and Waste Water (Sanitation) Reticulation

Bitou Municipality has been able to provide the deemed necessary services to its residents. These services have increased on a yearly basis due to population growth, housing projects and new developments. The Municipality's sanitation strategy is based on the vision of National Government, which is, "Improved health, dignity and quality of life for all South Africans, through improvements in sanitation and hygiene" and Bitou Municipality's vision of "To Be the Best Together" summarizes it all.

It is in the Municipality's interest to improve the livelihoods of all its communities to have basic sanitation facilities, which are highly hygienic and healthy. The focal areas for the Municipality in eradicating the sanitation backlogs includes application for funding in order to achieve sanitation backlog targets, use of local capacity in implementing projects and building of waterborne toilet systems. The geographic conditions of each area that needs to be serviced, population density and its challenges to the water demand that is on the increase and the current situation due to climate change and drought repercussions has to be taken into consideration.

The hilly topography, combined with low-lying areas along the coast, presents numerous obstacles to the sewerage draining system. Many pump stations are necessary, with an extensive bulk sewerage transfer system to convey sewerage to the Waste Water Treatment Works (WWTW).

The Municipality also struggles to source adequately trained and experienced technical staff to operate and maintain plant and machinery. Budgetary provision for recruitment of qualified staff and their ongoing training is provided for. The large low-income and indigent population stresses available capital and operation funding and the Municipality depends on grants from higher levels of government to supply services to this portion of the community.

b) **Highlights: Waste Water (Sanitation) Reticulation**

The table below specifies the highlights for the year:

Highlights	Description
Kranshoek: Upgrading of pump station 1	Tuinqua Consulting Engineers was appointed in 2016 for the provision of consulting engineering services to upgrade and repair identified problems with specific reference to sewage pump station 1 at Kranshoek. The pump station was upgraded and security improved. The gravity mains were upgraded to a 250mm pipe and buried to stop vandalism. Cameras and an electric fence were installed. A temporary screen was also installed and an emergency storage tank was constructed
Upgrading of main outfall sewer from Kwanokuthula to Gansevlei WWTW	Site investigations, environmental assessment and preliminary design have commenced in 2015/16 and is currently in progress. Tuiniqa Consulting Engineers was appointed as consulting engineers for the proposed construction and upgrading of the existing gravitating bulk outfall sewer and associated works. This project is designated to serve the existing and future formal housing, informal housing, business and industrial developments in mainly the Kwanokuthula and New Horizons township areas. The proposed upgrading will include the rehabilitation of the embankment supporting the existing and proposed new upgrading of the bulk outfall sewer.  The aim was to receive environmental authorization, complete the detailed design and tender documentation before the end of 2016/17 with construction due for implementation from 2017/18. The limited MIG allocation however will not allow the project to be implemented within one financial year

Table 79: Waste Water (Sanitation) Reticulation Highlights

 c) **Challenges: Waste Water (Sanitation) Reticulation**

The table below specifies the challenges for the year:

Description	Action to address
Upgrade of the Wittedrift pump station is crucial for any developments to continue in Green Valley	A funding application was submitted to DWS for ACIP Funding in September 2016 for the upgrading of the Wittedrift sewerage pump station at a cost of R4.6million in the 2017/18 financial year
Aventura Pump Station: The pump station is currently posing some challenges with reported spillages into the Keurbooms Estuary. Upgrades to the pump station is critical as it is currently monitored by the Department of Environmental Affairs and Development Planning (DEA&DP)	Some upgrades have already been completed. The submersible pumps have been replaced with two 46kW drywell pumps. The telemetry system has been upgraded and 2 variable speed drives have been installed. Further upgrades are expected to be done during the 2017/18 financial year

Table 80: Waste Water (Sanitation) Reticulation Challenges

c) **Waste Water (Sanitation) Reticulation Service delivery levels**

Below is a table that specifies the different sanitation service delivery levels per households for the financial years 2015/16 and 2016/17:

Description	2015/16	2016/17
	Actual	Actual
<b>Household</b>		
<b>Sanitation/sewerage: (above minimum level)</b>		
Flush toilet (connected to sewerage)	15 059	15 125
Flush toilet (with septic tank)	390	390
Chemical toilet	4	35
Pit toilet (ventilated)	0	0
Other toilet provisions (above minimum service level)	2	2
<b>Minimum Service Level and Above Sub-total</b>	<b>15 455</b>	<b>15 520</b>
<b>Minimum Service Level and Above Percentage</b>	<b>100</b>	<b>100</b>
<b>Sanitation/sewerage: (below minimum level)</b>		
Bucket toilet	0	0
Other toilet provisions (below minimum service level)	0	0
No toilet provisions	0	0
<b>Below Minimum Service Level Sub-total</b>	<b>0</b>	<b>0</b>
<b>Below Minimum Service Level Percentage</b>	<b>0</b>	<b>0</b>
<b>Total number of households</b>	<b>15 455</b>	<b>15 520</b>

Table 81: Waste Water (Sanitation) Service Delivery Levels

 d) **Employees: Waste Water (Sanitation) Reticulation**

The following table indicates the staff composition for this division:

Job Level	2015/16		2016/17		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	15	11	7	4	36
4 - 6	7	16	8	8	50
7 - 9	0	8	7	1	13
10 - 12	1	3	3	0	0
13 - 15	1	0	0	0	0
16 - 18	0	0	0	0	0

Job Level	2015/16		2016/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)	
	No.	No.	No.	No.	%	
19 - 20	0	0	0	0	0	0
<b>Total</b>	<b>24</b>	<b>38</b>	<b>25</b>	<b>13</b>	<b>34</b>	

Table 82: Employees Waste Water (Sanitation) Reticulation

## e) Capital: Waste Water (Sanitation) Reticulation

The following table indicates the capital expenditure for this division:

Capital Projects	R'000			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Kwano: Upgrade Outfall Sewer (MIG)	439	1 754	786	(347)
Tools and Equipment	40	40	36	4
Stormwater Improve-Grant	0	28	20	(20)
Qolweni Phase 3: Sanitation (DOHS)	0	0	24	(24)
Kwano Civil Services Phase 4	1 834	4 071	3 817	(1 984)
Green Valley Phase 1 (21)	136	155	149	(14)
Green Valley Phase 2, 3 & 4	151	172	191	(40)
New Horizons (63)	401	457	401	1
Qolweni/Bossiesgif Ph 4a (410)	1 215	155	110	1 106
Kwanokuthula Phase 5 (1000)	165	188	127	38
Shell Ultra City (167)	114	15	9	104
Ebenhaezer Portions 3,20,42,44	132	151	147	(15)
Green Valley Phase 1	241	49	88	152
Upgrade to Kwano Water Pump St	0	439	337	(337)
Qolweni/Bossiesgif Ph 4b (301)	261	110	78	183
Harkerville (80)	48	33	0	48
Kranshoek: Upgrade Pump Stations (UDP)	1 100	1 100	988	112
Plett: Upgrade Gansevallei Wwtw (SMP)	600	600	549	51
Piesang Valley: Upgrade Pump Stns (SMP)	3 900	3 900	3 900	0
Plett: Upgrade Outfall Sewer T	366	0	0	366
Security for Site Sites-Crr	500	0	0	500

Capital Projects	R'ooo			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Pump Station Equipment-CRR	500	500	299	201
Kwano Civil Services Phase 4	257	0	0	257
Green Valley Phase 1 (21)	19	0	0	19
Green Valley Phase 2, 3 & 4	21	0	0	21
New Horizons (63)	56	0	0	56
Qolweni/Bossiesgif Ph 4a (410)	170	0	0	170
Kwanokuthula Phase 5 (1000)	23	0	0	23
Shell Ultra City (167)	16	0	0	16
Ebenhaezer Portions 3,20,42,44	18	0	0	18
Qolweni/Bossiesgif Ph 4b (301)	37	0	0	37
Harkerville (80)	7	0	0	7
Kwano: Upgrade Outfall Sew-Extension	500	0	0	500
Natures Valley: New Sewer System	1 000	300	189	811
Harkerville: New Sewer System	500	500	389	111
Keurbooms: Upgrade Aven Pump station	1 500	300	253	1 247
Dunes: Upgrade Outfall Sewer	1 000	250	0	1 000
Kurland Phase 3 & 4	0	42	7	(7)
Kranshoek Phase 3, 4 & 5	0	84	0	0
Upgrade of Sewer Pump Station	0	439	439	(439)
<b>Total</b>	<b>17 265</b>	<b>15 832</b>	<b>9 681</b>	<b>3 934</b>

Table 83: Capital Expenditure 2016/17: Waste Water (Sanitation) Provision

### 3.3.3 ELECTRICITY

#### a) Introduction to Electricity

Local Government plays a very important role in the provision of electricity. Section 153 of the Constitution places the responsibility on municipalities to ensure the provision of services to communities in a sustainable manner for economic and social support.

The strategy and results achieved so far is to make electricity available to all households identified within a year after the requirement has been identified. The top three service delivery priorities are to complete the planning on time, including

additional capacity into the municipal grid, to ensure that funding is in place for all bulk infrastructure and electricity connections and to perform in terms of the standards set during the construction stages.

Measures to improve performance are to work closer with the Human Settlement Department, to integrate all functions within the relevant parties involved in the projects, and to have approved master plans in place for the roll-out of the projects. This means working closely with ESKOM to ensure implementation of their projects on time to provide additional capacity to the town

The Master Plan includes the identification of projects, programme and cashflow over a minimum period of three years. Successes achieved are securing of funds with the Department of Energy (DOE) in terms of their Integrated National Electrification Programme and the first phase of upgrading the electrical infrastructure to Kwanokuthula under difficult circumstances. The DOE has support the Municipality in funding some of the projects. Keeping good relations with DOE and ensuring all grant funds are spent, will result in more financial support from DOE.

Electrification priorities are determined in line with the Municipality's IDP and Human Settlements/Housing Programmes. With the exception of Kranshoek and Kurland, where ESKOM is responsible for electrification, the Municipality is responsible for all other townships within the municipal area.

## b) Highlights: Electricity

The table below specifies the highlights for the year:

Highlights	Description
Kwanokuthula substation	Substation yard and building completed at Kwanokuthula. Temporary 22kV to 11kV supply provided in order to do the change-over from 22kV to 11kV
Electrification of households in New Horizons	In New Horizons, on erf 2297, the electrification of 65 households was completed.
Install new cable supply to Goose Valley and others	The supply to the caravan park, Goose Valley, Polofields and the Bitou Club situated at the Keurbooms River Bridge is in the process of upgrading from a single overhead line supply to a dual cable supply which will be capable of maintaining supply should a fault occur on the system
Upgrade of Poortjies area	To install new low voltage (LV) and high voltage (HV) cable as well as streetlighting which is expected to be complete within the 2017/18 financial year
Substation building at New Horizons	A new substation building was erected to improve the power supply for the new Magistrate Court, which is still in progress
Replace of miniature substation	One miniature substation was replaced at Keurboomstrand
Replacement of ring main units (RMU's)	Two ring main units replaced at Keurboomstrand

Table 84: Electricity Highlights

## c) Challenges: Electricity

The table below specifies the challenges for the year:

Description	Actions to address
Filling of vacant posts	Budgetary provision must be made in order to appoint permanent staff
Additional cherry picker for street lighting and maintenance and repairs work on overhead line networks	Fleet Manager is in the process of placing a tender for the hire of cherry pickers, as well as for tendering to purchase via five-year contract to lease
Lack of availability of material at stores	Supply chain must execute re-order points so that material is readily available. Space is needed to keep material as lack of space is hindering the availability of necessary materials

Table 85: Electricity Challenges

## d) Electricity Service Delivery Levels

The table below indicates the electricity notified maximum demand:

Major towns	Notified Maximum Demand (NMD)	Maximum Demand Growth (NMD)	Maximum Demand Peak (NMD)
Plettenberg Bay	16 000KVA	0.5%	16 448KVA
Wittedrift	400KVA	0.5%	370KVA
Keurboomstrand	1 700KVA	2.5%	2 162KVA
Natures Valley	1 000KVA	0.5%	913KVA
Kwanokuthula	4 000KVA	3.5%	3 912KVA
Brakloof	9,500KVA	New	7 509KVA

Table 86: Electricity Notified Maximum Demand

The table below indicates the different service delivery level standards for electricity within the Municipality:

Description	2015/16	2016/17
	Actual	Actual
<b>Household</b>		
<b><u>Energy: (above minimum level)</u></b>		
Minimum Service Level and Above Sub-total	10 607	15 800
Minimum Service Level and Above Percentage	100	100
<b><u>Energy: (below minimum level)</u></b>		
Electricity (< minimum service level)	0	0
Electricity - prepaid (< min. service level)	0	0
Other energy sources	0	0
Below Minimum Service Level Sub-total	0	0

Description	2015/16	2016/17
	Actual	Actual
<b>Household</b>		
Below Minimum Service Level Percentage	0	0
<b>Total number of households</b>	<b>10 607</b>	<b>15 800</b>

Table 87: Electricity Service Delivery Levels

## e) Employees Electricity

The table below specifies the service delivery levels for the year:

Job Level	2015/16		2016/17		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	4	1	3	75
4 - 6	12	15	13	2	13
7 - 9	2	2	2	0	0
10 - 12	12	14	11	3	21
13 - 15	3	3	3	0	0
16 - 18	2	2	2	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>32</b>	<b>40</b>	<b>32</b>	<b>8</b>	<b>20</b>

Table 88: Employees: Electricity

## f) Capital: Electricity

The following table indicates the capital expenditure for this division:

Capital Projects	R'ooo			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Tools and Equipment	150	150	2	148
Plett: Street Lights (CDP)	400	400	473	(73)
Plett: Upgrade Main Supply (EMP)	0	189	182	(182)
Security for Key Sites-CRR	150	0	0	150
New Horizons: Electrification	789	818	818	(29)
Kwano: Upgrade Bulk Elec	6 229	6 200	6 200	29

Capital Projects	R'ooo			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Plett: Upgrade Main Supply	0	413	410	(410)
Poortjies: Upgrade Ss4	1 250	1 250	1 065	185
Yelgoosevalley: Upgrade Main Su	1 150	1 150	1 356	(206)
Plett: Upgrade Mini Subs	1 000	1 000	948	52
New Horizons: Upgrade Of Main sub	1 330	1 330	566	764
Brakkloof: New Supply	900	0	273	627
Plett: New Generators	1 000	0	0	1 000
<b>Total</b>	<b>14 348</b>	<b>12 900</b>	<b>10 118</b>	<b>2 055</b>

Table 89: Capital Expenditure 2016/17: Electricity Services

### 3.3.4 WASTE MANAGEMENT (REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

#### a) Introduction to Waste Management

The collection of household refuse or the lack thereof is one of the most powerful visual benchmarks on which the Municipality's service can be assessed. Bitou Municipality uses a split bag system for separation at source. Households put a black bag at curbside on the day of domestic refuse collection and a yellow bag of recyclable material the day after normal collections.

The standard service level for formal residences is a once a week curbside waste collection service. Most residential properties have been provided with 240 litre/140 litre wheelie bins which is a measure of containerizing of waste and a prevention of blown-litter.

Street sweeping is an important cleaning service to ensure public road safety. It also prevents the town's stormwater system from becoming blocked or clogged with waste. Sweeping is done with the use of manual labor which is usually combined with litter picking.

Areas such as New Horizons, Kwanokuthula, Green Valley, Wittedrift, Kranshoek and Kurland Village are being serviced by community based contractors.

The Municipality has only one landfill site, namely the Plettenberg Bay landfill site.

The status of the Plettenberg Bay landfill site is summarised below:

Plettenberg Bay Landfill Site Status	
Position of site	The site is located south of the urban centre of Plettenberg Bay
Permit	16/2/7/K600/D3/Z1/P375
Year issued	2000
Classification of site: GSB+	GSB+
Type of operation (end – tip, trench, cell)	Cell
Estimated size of site	Approximately 12.5 ha
Estimated remaining life of site	Exceeded its life span- preliminary closure design have been done. Needs to be send to Environmental Affairs for approval Draft tender document done + monitoring borehole installed
Separation of fresh and contaminated water	Yes
Groundwater monitoring	Yes
Volumes per day, week or month	Site only accept green waste
Is cover material available?	Yes – making use of incoming top soil from building excavations
Is the drainage sufficient?	New cut-off draining has been constructed +/- 250m as part of the rehabilitation of the site
Is there access control?	Yes – Security guards employed during the day and night + gate control officers
Is the site fenced?	Yes
Does the site have a sufficient buffer zone?	Yes – Nearest housing development Whale Rock Heights
Type of equipment utilised on site	Dozer (Rental)
Operating hours	Monday to Friday - 07h30 to 16h30 Saturday - 07h30 to 13h00
Site facilities, i.e. ablutions, guard house	Ablution and guard house facilities
Estimating cost for closure	+/- R15 000 000

Table 90: Plettenberg Bay Landfill Site Status

Due to the closure of the municipal waste site for the disposal of domestic waste, the domestic waste stream generated within the municipal area is now being transported by road to PetroSA landfill site in Mossel Bay. PetroSA do not permit the disposal of certain waste streams, i.e green waste and builders rubble.

## b) Highlights: Waste Management

The table below specifies the highlights for the year:

Highlights	Description
Drop-off facilities	Received waste licenses for 3 drop-off facilities within the municipal area
Waste transfer station	The waste transfer station is fully operational and compacts about 650 tons of waste per month. Own vehicles were procured for transportation to PetroSA

Table 91: Waste Management Highlights

## c) Challenges: Waste Management

The table below specifies the challenges for the year:

Description	Actions to address
Disposal of bulky waste	Bulky waste is currently being transported to Oudtshoorn landfill site. However limited budget is available of transportation. Budgetary provision must be made
Illegal dumping	A litter and illegal dumping action plan is currently being compiled. Community based contractor's clean areas on a monthly basis. Budgetary provision must be made

Table 92: Waste Management Challenges

## d) Waste Management Services Delivery Levels

The table below indicates the different refuse removal service delivery level standards within the municipality:

Description	2015/16	2016/17
	Actual	Actual
<b>Household</b>		
<b>Refuse Removal: (Minimum level)</b>		
Removed at least once a week	18 011	18 037
<b>Minimum Service Level and Above sub-total</b>	<b>18 011</b>	<b>18 037</b>
<b>Minimum Service Level and Above percentage</b>	<b>100</b>	<b>100</b>
<b>Refuse Removal: (Below minimum level)</b>		
Removed less frequently than once a week	0	0
Using communal refuse dump	0	0
Using own refuse dump	0	0
Other rubbish disposal	0	0
No rubbish disposal	0	0
<b>Below Minimum Service Level sub-total</b>	<b>0</b>	<b>0</b>



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Description	2015/16	2016/17
	Actual	Actual
<b>Household</b>		
Below Minimum Service Level percentage	0	0
Total number of households	18 011	18 037

Table 93: Waste Management Service Delivery Levels

## e) Employees: Waste Management Services

The following table indicates the staff composition for this division:

Job Level	2015/16		2016/17		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	39	56	44	12	21
4 - 6	4	3	3	0	0
7 - 9	8	13	8	5	38
10 - 12	1	2	2	0	0
13 - 15	1	1	1	0	0
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>54</b>	<b>76</b>	<b>59</b>	<b>17</b>	<b>22</b>

Table 94: Employees: Waste Management Services

## f) Capital: Waste Management Services

The following table indicates the capital expenditure for this division:

Capital Projects	R'000			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Waste transfer station	1 000	1 450	1 409	(409)
Waste drop-off facility	750	750	864	(114)
<b>Total</b>	<b>1 750</b>	<b>2 200</b>	<b>2 066</b>	<b>(523)</b>

Table 95: Capital Expenditure 2016/17: Waste Management Services

## 3.3.5 HOUSING

## a) Introduction to Housing

The multiyear development plan illustrates the projected Housing projects for at least the next 5 years.

The current housing provincial approved beneficiary waiting list is 6 936. The current approved registered waiting list together with unregistered households and backyard dwellers are +- 9 120. The current housing waiting list is 6 651.

The table below indicates the priority housing sites:

Site	Units
<b>Subsidy: Priority 1</b>	
Kwanokuthula (Phase 4) (446)	0
<b>Subsidy Priority 2</b>	
New Horizons (63)	62
<b>Subsidy Priority 3</b>	
Green Valley (21)	20

Table 96: Prioritised Housing Sites

## b) Highlights: Housing

The table below specify the highlight for the year:

Highlights	Description
Bitou received the Provincial and National Govan Mbeki Awards for the Best Informal Settlements Housing Projects in Kwanokuthula and Qolweni	Kwanokuthula (226) high density top structures and in Qolweni (358) high density top structures

Table 97: Housing Highlights

## c) Challenges: Housing

The table below specifies the challenges for the year:

Description	Actions to address
The purchase of private land parcels where developable land is needed for IRDP and other housing programmes	Application to the Provincial Department of Human Settlements for the provision of funding
Efficient five-year planning of all future housing projects to a state of readiness taking into account the annual Division of Revenue Act (DORA) allocation in compliance with the Supply Chain Management (SCM) processes	To ensure the Provincial Department of Human Settlements that the various housing projects on the housing pipeline will reach a stage of project readiness and that funding must be made available to reach these targets and timeframes
The successful establishment of the South Cape Corridor Development (SCCD) catalytic housing project together with Knysna Municipality	To put in all efforts together with the Housing Development Agency (HDA) to ensure that this SCCD catalytic project will be established before the next financial year



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Table 98: Housing Challenges

### d) Housing Service Delivery Levels and Statistics

The table below indicates the different housing service delivery levels and statistics standards within the urban edge area of the municipality:

Number of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements (%)
2015/16	12 695	8 122	64
2016/17	25 954	20 000	77

Table 99: Households with Access to Basic Housing

The following table shows the increase in the number of people on the housing waiting list. There are currently approximately 6 936 housing beneficiaries registered on the Provincial housing waiting list compared to the 6 651 in 2015/16.

Financial year	Number of housing units on waiting list	% Housing waiting list increase/(decrease)
2015/16	6 651 registered	(6.1%)
2016/17	6 936 registered	4.3%

Table 100: Housing Waiting List

A summary of houses built, includes:

Financial year	Allocation	Amount spent	% spent	Number of houses built	Number of sites serviced
	R'ooo	R'ooo			
2015/16	54 620	54 620	100	584	30 in progress of 446
2016/17	43 893	67 429	153.6	82	346

Table 101: Houses Built

### e) Employees: Housing

The following table indicates the staff composition for this division:

Job Level	Employees: Housing					
	2015/16		2016/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)	
	No.	No.	No.	No.	%	
0 - 3	0	2	0	2	100	
4 - 6	2	1	1	0	0	

Employees: Housing						
Job Level	2015/16		2016/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)	
	No.	No.	No.	No.	%	
7 - 9	8	8	8	0	0	
10 - 12	2	2	2	0	0	
13 - 15	0	1	1	0	0	
16 - 18	1	0	0	0	0	
19 - 20	0	0	0	0	0	
<b>Total</b>	<b>13</b>	<b>14</b>	<b>12</b>	<b>2</b>	<b>14</b>	

Table 102: Employees: Housing

#### f) Capital Expenditure – Housing

The following table indicates the capital expenditure for this division:

Capital Projects	R'000			
	2016/17			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Purchase of land (Grants)	925	14 700	14 700	15 625
Purchase of land - EFF	2 000	2 000	3 503	5 503
<b>Total</b>	<b>3 054</b>	<b>16 700</b>	<b>18 203</b>	<b>(1 503)</b>

Table 103: Capital Expenditure 2016/17: Housing

### 3.3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

#### a) Introduction

A debtor is considered indigent if the total monthly household income is equal to two times the amount of state funded social pensions or less (currently R3 500 per month). All indigent households are receiving 6 kl water and 50KwH electricity free each month. Furthermore, an indigent debtor also receives a subsidy on refuse removal and sewerage, depending on the household income.

All indigents have to renew their applications semi-annually in order to qualify for the benefits.

#### b) Service Delivery Levels

The table below indicates the percentage of indigent households that have access to free basic municipal services. The table, furthermore, indicates the total number of indigent households and other households that received free basic services in the past two financial years:

Financial year	Number of households								
	Total no of HH	Free Basic Electricity		Free Basic Water		Free Basic Sanitation		Free Basic Refuse Removal	
		No. Access	%	No. Access	%	No. Access	%	No. Access	%
2015/16	18 355	6 745	37	6 161	34	4 434	24	4 434	24
2016/17	18 939	7 440	37	7 103	33	6 777	14	6 773	14

Table 104: Free Basic Services to Indigent Households

Electricity									
Financial year	Indigent Households			Non-indigent households			Households in Eskom areas		
	No. of HH	Unit per HH (kwh)	Value R'ooo	No. of HH	Unit per HH (kwh)	Value R'ooo	No. of HH	Unit per HH (kwh)	Value R'ooo
2015/16	4 434	50	2 217	2 311	50	1 155	2 575	50	1 287
2016/17	4 234	50	2 137	3 206	50	1 245	2 536	50	1 268

Table 105: Free Basic Electricity Services to Indigent Households

Water						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	Unit per HH (kl)	Value R'ooo	No. of HH	Unit per HH (kl)	Value R'ooo
2015/16	4 434	6	2 405	1 727	6	936
2016/17	4 274	6	2 564	2 829	6	1 521

Table 106: Free Basic Water Services to Indigent Households

Sanitation						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	R value per HH	Value R'ooo	No. of HH	Unit per HH per month	Value R'ooo
2015/16	4 434	198.03	10 536	2 105	1	4 999
2016/17	4 274	293.86	12 559	2 503	1	7 355

Table 107: Free Basic Sanitation Services to Indigent Households

Refuse Removal						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	Service per HH per week	Value	No. of HH	Unit per HH per month	Value
			R'ooo			R'ooo
2015/16	4 434	1	6 736	2 104	1	3 196
2016/17	4 274	1	5 410	2 499	1	4 295

Table 108: Free Basic Refuse Removal Services to Indigent Households Per Type of Service

Financial Performance 2016/17: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	2015/16	2016/17			
	Actual	Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
	R'ooo				
Water	7 397	10 024	5 879	5 845	(34)
Waste Water (Sanitation)	25 569	26 128	26 537	25 334	1 203
Electricity	3 363	3 392	3 392	3 686	294
Waste Management (Solid Waste)	13 720	13 286	14 823	14 264	561

Table 109: Financial Performance 2016/17: Cost to Municipality of Free Basic Services Delivered

## 3.4 COMPONENT B: ROAD TRANSPORT

### 3.4.1 ROADS

#### a) Introduction: Roads

The maintenance of a municipal road network, is the provision of a road network that is safe and comfortable to use, and where maintenance is effected before defects become hazardous. This is the “apparent” service delivery that the road user (driver or passenger) can physically see and, perhaps more importantly (from their perspective), feel.

This is economic service delivery. A further important factor to consider is that of excess vehicle operating cost (EVOC). A poorly maintained road (i.e. potholed and/or excessively patched) is in the region of 75% more expensive to drive on than a well-maintained road. The failure to undertake timely and correct road maintenance imposes an effective financial “double whammy” on the road user. For effective road maintenance, a management plan renders effective and efficient “pro-active” preventative maintenance possible.

The roads are evaluated and managed with the pavement management systems which presents a network level proposal for maintaining the roads in the area through an assessment of the network based on methodical visual ratings of each pavement section. It is essentially a network level tool. This network conditions were done for 1999, 2004, 2008, 2011, 2015 and being

updated through treasury with the Rural Road Assets System for the entire Western Cape to provide equal standard of Pavement Management Systems over a three year period.

Visual assessment forms the basis of evaluation of the condition (surface, structural and functional) of the road network and the need for specific actions.

Different road sections require different types of maintenance varying from routine and normal to heavy rehabilitation. Possible project types range from routine maintenance (e.g. Patching), to normal maintenance (resurfacing) through to heavy rehabilitation (e.g. Thick overlays and reconstruction).

With the limited funds available it is important that these funds be spent at the right place at the right time to ensure optimum use of funds. The use of a Pavement Management Systems is accepted as essential for determining the maintenance and upgrading needs/programs for pavements in a network of roads.

The repair and maintenance of road crossings and pipe burst have a major effect on the maintenance program and are estimated at R2 million per year.

The total length of the paved network is 155.8km (142.7km tar, 13.1km block paving and 0.6km concrete pavements) with an estimated replacement value of R383.5 million. The average condition of the network can be rated as fair, with 5% of the surfacing and 12% of the structure in the poor to very poor category.

The estimated funding backlog on the pavement network at this stage is R32 million with the following immediate needs on the paved network. An amount of R5 300 000 for resurfacing and R3 560 000, plus consultant's fee 17% for rehabilitation to be spent annually on the road network to erase the existing backlog (R32 000 000) and restore the condition of the network to an excellent level of service.

The following are detrimental to roads networks and results in additional maintenance: road crossings poorly reinstated, over irrigation of sidewalks which run-off on the road surface; discharging of stormwater; pool backwash; underground water seepage and alterations to the sidewalks which hamper stormwater discharge.

### Gravel Roads

The Gravel Road Management System (GRMS) report presents a network level proposal for maintaining the roads. Visual assessments form the basis of the evaluation of the condition of the road network and the need for specific actions. Different road sections may require different types of maintenance varying from normal and special, to scheduled maintenance. Project types can include the following - blading, reshaping, reworking, re-graveling or even upgrading of the road to a higher standard.

The total unpaved network is 16.8km of which 14.9km are gravel roads and the rest can be defined as dirt roads 1.9km. The average condition of the unpaved network can be rated as good to fair with only 16% of the roads in the poor to very poor category. A total of 2.8km roads have been upgraded from gravel roads to bitumen paved roads in 2016/17. The total maintenance need for the network, without any upgrading, is approximately R600 000.

Upgrading needs can be viewed from a functional point of view but consideration should also be given to upgrading the dirt roads to gravel standard which would require a further R10 million, or upgrading all the unpaved roads to paved standards at a cost of R80 million. Due to the unavailability (breakdowns and auction) of the plant (grader and roller) the maintenance of these gravel roads has been delayed and are outstanding.

## b) Highlights: Roads

The table below specifies the highlights for the year:

Highlights	Description
Odland Drive	Repair and resurface of Odland Drive
Rehabilitation Cordovan	Rehabilitation of beach access to Robberg 5 beach
Upgrade various gravel roads in Kwanokuthula	A total of 1.757km of roads upgraded to block paving and bitumen
Resurface at roads in all wards	A total of 6.3km roads were resurfaced

Table 110: Roads Highlights

## c) Challenges: Roads

The table below specifies the challenges for the year:

Description	Actions to address
Funding required for maintenance, resurfacing and rehabilitation of roads for the next five financial years to ensure that premature reconstruction of roads is kept to a minimum and that the network is kept in a resealable condition	Budgetary provision as recommended by the Pavement Management System, R5 300 000 is made available for resurfacing and maintenance of the paved roads and R4 094 000 (capital funding) is made available for the rehabilitation of roads
Roads that have to be rebuilt to accommodate stormwater systems	Provision of funding for the installation of stormwater systems and upgrading of roads

Table 111: Roads Challenges

## d) Roads Service Delivery Levels and Statistics

The table below reflects the different service delivery level standards for roads within the municipal area:

Gravel Road Infrastructure: Kilometres				
Year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2015/16	19.6	0	0	19.6
2016/17	16.8	0	2.8	16.8

Table 112: Gravel Road Infrastructure

Tarred Road Infrastructure: Kilometres					
Year	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2015/16	147.3	0	3.5	0.6	147.3
2016/17	155.8	3.45	6.3	0.55	155.8

Table 113: Tarred Road Infrastructure

The table below shows the costs involved for the maintenance and construction of roads within the Municipality:

Financial year	Gravel			Tar		
	New	Gravel – Tar	Maintained	New	Re-worked	Maintained
	R'ooo	R'ooo	R'ooo	R'ooo	R'ooo	R'ooo
2015/16	0	2 632	466	2 951	3 647	2 300
2016/17	0	11 570	543	9 374	1 676	7 788

Table 114: Cost of Construction/Maintenance of Roads

## e) Employees: Roads and Stormwater

The following table indicates the staff composition for this division:

Job Level	2015/16		2016/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)	
	No.	No.	No.	No.	%	
0 - 3	12	13	9	4	31	
4 - 6	5	11	6	5	45	
7 - 9	2	4	3	1	25	
10 - 12	0	2	1	1	50	
13 - 15	1	1	1	0	0	
16 - 18	1	1	1	0	0	
19 - 20	0	0	0	0	0	
<b>Total</b>	<b>21</b>	<b>32</b>	<b>21</b>	<b>11</b>	<b>34</b>	

Table 115: Employees: Roads

## f) Capital: Roads and Stormwater

The following table indicates the capital expenditure for this division:

Capital Projects	R'ooo			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Green Valley Sw Upgrade (Disas)	0	1 264	1 230	(1 230)
Tools and Equipment	130	115	120	10
Kranshoek: Upgrade Gravel Road	674	0	0	674
Kurland: Upgrade Grav Rds-MIG	2 607	2 607	2 476	132



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Capital Projects	R'ooo			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Kurland: Upgrade Gravel Rds:	137	0	0	137
Furniture and Equipment	0	16	16	(16)
Qolweni Phase 3: Roads & Sw (DOHS)	0	1 101	(14)	14
Kwano Civil Services Phase 4	7 037	15 826	15 100	(8 063)
Green Valley Phase 1 (21)	520	593	576	(56)
Green Valley Phase 2, 3 & 4	578	659	536	43
New Horizons (63)	1 540	1 756	1 537	3
Qolweni/Bossiesgif Ph 4a (410)	4 664	594	475	4 189
Kwanokuthula Phase 5 (1000)	633	722	487	147
Shell Ultra City (167)	436	57	36	400
Ebenhaezer Portions 3,20,42,44	507	578	576	(69)
Green Valley Phase 1	923	389	429	494
Qolweni/Bossiesgif Ph 4b (301)	1 003	423	300	703
Harkerville	185	128	0	185
Kwano: Walkway/Crossing (NMT)	500	500	492	8
Kranshoek: Upgrade Gravel Roads (MIG)	3 509	4 659	4 303	(794)
Plett: Rehab Paved Roads (PMS)	1 500	1 500	1 484	16
Kwano Civil Services Phase 4	985	0	0	985
Green Valley Phase 1 (21)	73	0	0	73
Green Valley Phase 2, 3 & 4	81	0	0	81
New Horizons (63)	216	0	0	216
Qolweni/Bossiesgif Ph 4a (410)	653	0	0	653
Kwanokuthula Phase 5 (1000)	89	0	0	89
Shell Ultra City (167)	61	0	0	61
Ebenhaezer Portions 3,20,42,44	71	0	0	71
Qolweni/Bossiesgif Ph 4b (301)	140	0	0	140
Harkerville (80)	26	0	0	26
Kwano: Upgrade Gravel Roads (MIG)	2 960	4 379	4 379	(1 419)
Kwano: Sishuba Extension (MIG)	2 180	2 180	2 180	0
Poortjies: Upgrade Beacon Way	500	600	441	59
Poortjies: Embankment Project	1 000	500	426	574

Capital Projects	R'ooo			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
New Horizons: Upgrade Stormwater	500	500	210	290
Green Valley: Walkway	400	200	100	300
New Horizons: Pedestrian Crossing	100	100	32	68
Industrial: Rehab of Paved Road	500	500	500	0
Kwano: Upgrade Gravel Roads	442	442	386	56
Kwano: Sishuba Extension (Own)	401	406	292	109
Kurland Phase 3 & 4	0	160	26	(26)
<b>Total</b>	<b>38 461</b>	<b>43 778</b>	<b>38 919</b>	<b>4 859</b>

Table 116: Capital Expenditure 2016/17: Roads and Stormwater

#### g) Capital: Fleet Management

The following table indicates the capital expenditure for this division:

Capital Projects	R'ooo			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Replacement of Fleet Vehicle	9 345	9 545	9 703	(358)
Furniture & Equipment	250	250	176	74
<b>Total</b>	<b>9 595</b>	<b>9 795</b>	<b>9 880</b>	<b>(285)</b>

Table 117: Capital Expenditure 2016/17: Fleet Management

### 3.4.2 WASTE WATER (STORMWATER DRAINAGE)

#### a) Introduction to Waste Water (Stormwater Drainage)

The major stormwater system of Bitou Municipality's service area consists of all natural water ways, including springs, streams, rivers, wetlands and dams. It includes detention and retention dams and other devices constructed to control stormwater. Roadways and their associated drainage structures are part of the major stormwater system if they result in a significant deflection of stormwater from its natural overland flow path.

The minor stormwater system consists of any measures provided to accommodate stormwater runoff within sites and road reserves and convey the runoff to the major stormwater system. These measures include gutters, conduits, beams, channels, road verges, small watercourses and infiltration constructions.

Stormwater runoff should not be concentrated to an extent that would result in any damage to the environment during storms with a probability frequency more than 1 in 10 years and would result in only minor, repairable damage in storms with a probability frequency more than 1 in 50 years. All elements of the built and natural environment must be able to withstand a 1 in 100 year storm event without significant consequential loss and risk to property and life. Note that a "storm frequency" equates to a "probability of occurrence" of a storm event that should be used to assess the annual budget or insurance provision for remedial works, should the event occur.

In all catchments, the water courses and built stormwater infrastructure must be maintained in a clean state, free of any rubbish, debris and matter likely to pose any pollution threat to the lower reaches of the water courses.

The built info collection of all the areas in Bitou Municipality is in progress. This will determine the requirements of needed stormwater upgrading caused by funding constraints. The strategy was to develop a Stormwater Master Plan which is currently being implemented. Funding in the current financial year 2016/17 will allow for the investigation and planning of the Kwanokuthula Stormwater system and the other areas to follow in future years.

Master drainage planning should be contemplated on a catchment-wide basis, irrespective of urban and other man-made boundaries. The full environmental impact of the stormwater on that catchment must be investigated and is the responsibility of the controlling regional or local authority. The hydrological processes in the specific area need to be investigated and statistical data obtained. Hydraulic routing of the stormwater must be considered. In analysing stormwater drainage, consideration may need to be given to the use of open spaces like parks, sports fields and transport circulation routes. It is assumed that with development there is an increase in both the overall quantity and the peak flow rate of the run-off.

The stormwater management philosophy encourages the following:

- Maintain adequate ground cover at all places and at all times to negate the erosive forces of wind, water and all forms of traffic
- Prevent concentration of stormwater flow at any point where the ground is susceptible to erosion
- Reduce stormwater flows as much as possible by the effective use of attenuating devices
- Ensure that development does not increase the rate of stormwater flow above that which the natural ground can safely accommodate at any point in the sub-catchments
- Ensure that all stormwater control works are constructed in a safe and aesthetic manner in keeping with the overall development theme for the area
- Prevent pollution of waterways and water features by suspended solids and dissolved solids in stormwater discharges
- Contain soil erosion, whether induced by wind or water forces, by constructing protective works to trap sediment at appropriate locations. This applies particularly during construction
- Avoid situations where natural or artificial slopes may become saturated and unstable, both during and after the construction process

The Municipality has identified the following actions to address stormwater challenges within the municipal service area:

Outcome / Response Required	Municipal Action
Development of a Stormwater Master Plan	Develop a Stormwater Master Plan for the entire Bitou area to guide the maintenance of existing systems and the provision of new capital infrastructure where required. The Stormwater Master Plan for Kranshoek, Wittedrift, Green Valley and Kwanokuthula is complete and remaining areas to follow
Address stormwater needs	Stormwater upgrades in the following areas – Kwanokuthula, New Horizons, Kranshoek, Green Valley, Wittedrift, Kurland, Poortjies
Maintenance of infrastructure	New stormwater pipe improvements
Upgrade of Kwanokuthula stormwater system	Upgrade of existing and provision of new stormwater infrastructure including kerbs, channels, pipelines and detention facilities
Upgrade of Kranshoek stormwater system	Upgrade of existing and provision of new stormwater infrastructure including kerbs, channels, pipelines and detention facilities
Upgrade of Wittedrift and Green Valley stormwater system	Upgrade of existing and provision of new stormwater infrastructure including kerbs, channels, pipelines and detention facilities
Upgrade of New Horizons stormwater system	Upgrade of existing and provision of new stormwater infrastructure including kerbs, channels, pipelines and detention facilities
Upgrade of Poortjies stormwater system	Upgrade of existing and provision of new stormwater infrastructure including kerbs, channels, pipelines and detention facilities
Poortjies Embankment Protection	Provision of new embankment protection system for the Keurbooms Estuary dune along Poortjies to safeguard existing municipal services and to mitigate flood risk

Table 118: Implementation of stormwater Master Plan

The estimated cost to address the stormwater demands are addressed in the stormwater master plan for the various areas:

#### Stormwater Master Plan Cost

Area	Cost
Kwanokuthula	R67 953 508
Green Valley And Wittedrift Stormwater	R42 553 803
Kranshoek	R20 184 425
New Horizons	To be completed
Poortjies	To be completed

Table 119: Stormwater Master Plan Cost

The main purpose of the stormwater management function in the Bitou Municipality is to mitigate the damage to and increase the lifespan of the road infrastructure.

Much of the work carried out by the department relates to the following activities:

- Unblocking of stormwater drainage system

- Replacement of missing manhole covers
- Maintaining the entire infrastructure (stormwater)
- Cleaning and rehabilitation of the stormwater system and culverts
- Replacing broken pipes and catch pit inlets and manhole slabs and covers
- Installing new stormwater systems, construction of open channels and sub-soil drains etc

## b) Highlights: Waste Water (Stormwater Drainage)

The table below specifies the highlights for the year:

Highlights	Description
Master planning	Master planning for Kranshoek, Green Valley and Wittedrift & Kwanokuthula has been completed
Installation of stormwater pipe	Stormwater pipes has been installed for:  Trekker Street Kranshoek, Bonny and Du Plessis  Pine tree to protect main outfall sewer line and Theron street  Rehabilitate stormwater High Street, Mintos Ledge and Saringa Road New Horizons

Table 120: Waste Water (Stormwater Drainage) Highlights

## c) Challenges: Waste Water (Stormwater Drainage)

The table below specifies the challenges for the year:

Description	Actions to address
Maintaining the entire infrastructure (stormwater)	Increase funding, manage EPWP grant and appoint smaller contractors in Kranshoek, Kwanokuthula, New Horizons, Green valley, Kurland and Qolweni for cleaning roads, channels, SW drains and manholes
Vacant post	Address personnel in work study for organigram. Filling of vacant positions

Table 121: Waste Water (Stormwater Drainage) Challenges

## d) Waste Water (Stormwater Drainage) Service Delivery Levels

The table below shows the total kilometers of stormwater maintained and upgraded, as well as the kilometers of new stormwater pipes installed:

Stormwater Infrastructure				
Year	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
2015/16	79.30	0.30	0	79.30
2016/17	79.95	0.65	0.16	79.95

Table 122: Stormwater Infrastructure



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The table below indicates the amount of money spent on stormwater projects:

Financial year	Cost of Construction/Maintenance of Stormwater Systems		
	New R'000	Upgraded R'000	Maintained R'000
2015/16	1 106	0	450
2016/17	2 774	150	450

Table 123: Cost of Construction/Maintenance of Stormwater Systems

## 3.5 COMPONENT C: PLANNING AND LOCAL ECONOMIC DEVELOPMENT

### 3.5.1 PLANNING

#### a) Introduction to Planning

The introduction of the new order planning dispensation (Spatial Planning Land Use Management Act (SPLUMA), 16 of 2013) has been fully implemented, although as in all “changes”, minor teething problems were experienced, which were all addressed in due course. The implementation of the Western Cape: Land Use Planning Act (LUPA), 3 of 2014 and the decision making by a Planning Tribunal, was also successfully introduced. The applications submitted under the Land Use Planning Ordinance have virtually been finalized, implying that all applications dealt with by the Planning Section are now dealt with in terms of the Planning By-law.

Most of the municipalities in the Eden region (including Bitou) elected to form the Eden Joint Municipal Planning Tribunal which sits to deliberate on planning applications submitted in terms of the relevant municipal planning by-laws. The Joint Tribunal pools the knowledge and expertise of all the registered town planning officials of the member municipalities, in addition to those of the Department of Environmental Affairs and Development Planning (DEA&DP). A number of panel sittings, held in the various municipalities, took place. The model seems to be effective and is a cost saving mechanism in that no external members need to be reimbursed for serving on the tribunal.

An amnesty period was proclaimed by Council that provided an opportunity for landowners to make applications in terms of which illegal land uses and building plans could be approved. This was available to land owners who had unknowingly bought a property under the impression that building plans had been approved and land uses brought in line to the zoning. A large number of applications were received which lead to the formalization of properties and the ultimate increase in revenue.

A by-law was developed, approved and gazetted to manage the use of the Keurbooms Estuary (Bitou Municipality River By-law). Implementation thereof was undertaken in conjunction with Cape Nature who already managed the section above the N2 White Bridge and by appointing River Wardens to assist in patrolling the waterbody. The By-law will go a long way in addressing water use issues on the estuary, allowing for recreational use, as well as for conservation purposes.

The electronic planning application system, as well as a building plan submission system, has been developed to the extent where submissions can be submitted on a testing basis. This will greatly alleviate submission procedures and ultimately lead to reduction in decision times.

**b) Highlights: Planning**

The table below specifies the highlights for the year:

Highlights	Description
Full implementation of SPLUMA, LUPA and the Planning By-law	Applications are accepted in the GIS planning management system
Introduction of the River By-law	Patrols on the river with Cape Nature and River Wardens

Table 124: Planning Highlights

**c) Challenges: Planning**

The table below specifies the challenges for the year:

Description	Actions to address
Retention of staff	Provision of a scarce skills allowance
Increase in legislation with resultant responsibilities but no resources to implement	Resource constraints place limits on efficient service delivery

Table 125: Planning Challenges

**d) Planning Service Delivery Levels**

The table below reflects the different service delivery level standards for planning within the municipal area:

Detail	Applications for Land Use Development	
	Built Environment	
	2015/16	2016/17
Planning application received	126	156
Determination made in year of receipt	24	18
Determination made in following year	20	9
Applications withdrawn	4	3
Applications closed	44	4
Applications outstanding at year end	82	105
Awaiting DEA&DP decision	9	2

Table 126: Applications for Land Use Development

Type of service	2015/16	2016/17
Building plan applications processed	300	434
Total surface (m <sup>2</sup> )	46 206.7	76 085.9
Approximate value (Rand)	219 656 377	416 670 574
Residential extensions	236	308
Land use applications processed	126	149
Rural applications	65	3

Table 127: Additional Performance Town Planning and Building Control

#### e) Employees: Planning

The following table indicates the staff composition for this division:

Job Level	2015/16		2016/17		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	1	1	0	0
7 - 9	1	0	0	0	0
10 - 12	0	3	1	2	67
13 - 15	2	3	2	1	33
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>4</b>	<b>8</b>	<b>5</b>	<b>3</b>	<b>38</b>

Table 128: Employees: Planning

### 3.5.2 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

#### a) Introduction to Local Economic Development (LED)

The LED and Tourism unit is tasked with the obligation of growing the Bitou economy by enabling small, medium and micro-sized enterprises (SMME), creating an environment wherein business can optimally operate and to ensure that sustained increases in growth is obtained. Tourism is key to the success of the Bitou economy and is seen as a primary source for revenue enhancement and creating job opportunities. Other critical key success areas are agriculture, the marine economy, eco-education and adventure/ environment driven sports.

## b) Highlights: LED

The table below specifies the highlights for the year:

Highlights	Description
Community Work Programme (CWP)	Programme assist to alleviate poverty
SA Senior Open Golf Tournament	Destination branding exercise

Table 129: Highlights: LED

## c) Challenges: LED

The following challenge with regard to the implementation of the LED strategy is:

Description	Actions to address
Review of LED Strategy	Growth and Development Internal Workshop planned for October 2017

Table 130: Challenges LED

## d) Employees: LED

The following table indicates the staff composition for this division:

Job Level (T-grade)	2015/16		2016/17			
	Employees		Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.				
0 - 3	0	0	0	0	0	0
4 - 6	1	0	0	0	0	0
7 - 9	1	1	1	1	0	0
10 - 12	3	3	3	2	1	33
13 - 15	0	0	0	0	0	0
16 - 18	0	1	1	1	0	0
19 - 20	0	0	0	0	0	0
<b>Total</b>	<b>5</b>	<b>5</b>		<b>4</b>	<b>1</b>	<b>20</b>

Table 131: Employees: LED

## 3.5.3 TOURISM

### a) Introduction to Tourism

Tourism is outsourced to an existing tourism organisation namely the Plett Voluntary Tourism Association (PTVA) which acts as an executive and coordination organ for the promotion of sustainable tourism and tourism development in the municipal area by means of a strategic partnership with the Municipality. The responsibilities are based on a service level agreement (SLA) which includes 3 important areas such as marketing, administration and development. They receive an annual grant from the Municipality but also receive membership fees from members who belong to the organisation. The PTVA utilises a variety of marketing tools to promote the area as a tourist destination, e.g. its website, brochures, print media, line advertising, social media, exhibitions, educational, as well as consumer and trade shows.

**b) Highlights: Tourism**

The table below specifies the highlight for the year:

Highlights	Description
Wine and Bubbly Festival	Promoting the cultivation of prime wines in the area
SA Senior Open Golf Tournament	Destination branding

Table 132: Tourism Highlight

**c) Challenges: Tourism**

The table below specifies the challenges for the year:

Description	Actions to address challenges
Developing a proper service utility to ensure tourism development in the area	Tourism By-law to be developed by February 2018

Table 133: Challenges Tourism

**3.6 COMPONENT D: COMMUNITY AND SOCIAL SERVICES**

**3.6.1 LIBRARIES**

Bitou libraries commit themselves to serve communities (Kwanokuthula, Plettenberg Bay, New Horizons, Kranshoek, Kurland and Green Valley) with recreational, educational and technological information within the Provincial Library Service Norms and Standards.

**a) Highlights: Libraries**

The table below specifies the highlights for the year:

Highlights	Description
Green Valley hall upgraded to community library facilities	Building completed and grounds upgraded. Project will be completed in 2017/18

Table 134: Libraries Highlights



b) **Challenges: Libraries**

The table below specifies the challenges for the year:

Description	Action to address
Increasing membership and statistics of libraries	Library marketing and advocacy of the service to communities must be done
Lost library material	Security at all libraries need to be improved

Table 135: Libraries Challenges

 c) **Service Statistics for Libraries**

The table below specifies the service delivery levels for the year:

Type of service	2015/16	2016/17
Number of libraries	5 libraries and 1 Depot Service	6 libraries (Green Valley no longer a depot)
Library members	10 599	11 950
Books circulated	144 757	137 558 (Green Valley Library closed for upgrading)
Exhibitions held	167	168
Internet access points	5 Libraries. Green Valley – 3G card	6 Libraries
Childrens programmes	72	356
Visits by school groups	561	1 848
Book group meetings for adults	12	12
Primary and secondary book education sessions	Library promotion/ outreach programs and services to educational institutions –pre-schools, crèches, Bitou ten schools, private schools, Bitou Campus, UNISA, post matriculates and other tertiary institutions	Library promotion/outreach programs and services to educational institutions – pre-schools, crèches, all schools in the different community areas, senior citizens, community groups, private schools, Bitou Campus, UNISA, NMMU, post matriculates and other tertiary institutions

Table 136: Service Statistics for Libraries

## d) Employees: Libraries

The following table indicates the staff composition for this division:

Job Level	2015/16		2016/17		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0
4 - 6	16	24	16	8	33
7 - 9	2	9	2	7	78
10 - 12	6	8	7	1	13
13 - 15	1	1	1	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>26</b>	<b>43</b>	<b>27</b>	<b>16</b>	<b>37</b>

Table 137: Employees: Libraries

## e) Capital: Libraries

The following table indicates the capital expenditure for this division:

Capital Projects	R'000			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Book detection system	140	103	102	38
Computer equipment	79	25	25	54
Air conditioners	121	0	0	121
Upgrade of municipal buildings	399	1 271	1 251	(852)
Furniture and equipment	307	307	167	140
<b>Total</b>	<b>1 046</b>	<b>1 707</b>	<b>1 295</b>	<b>(499)</b>

Table 138: Capital Expenditure 2016/17: Libraries

## 3.6.2 CEMETERIES

The service provides burial space for the residents of the Bitou area. The construction of a new cemetery at Ebenheizer will commence in August 2018 which will be able to accommodate about ten thousand graves.

## a) Highlights: Cemeteries

The table below specifies the highlights for the year:

Highlights	Description
Cemetery management system	Cemetery management system will assist with the update of burials and grave sites per number
Construction of new central cemetery will commence in January 2018	Consist of about nine hectares and will accommodate ten thousand gravesites

Table 139: Cemeteries Highlights

## b) Challenges: Cemeteries

The table below specifies the challenges for the year:

Description	Actions to address
Insufficient staff	Staff will be appointed to address the shortage
Available space for burials limited	New central cemetery will alleviate the concern
Vandalism to cemetery walls, fencing and gates	Budgetary provision must be made for the reparation of damaged and vandalized properties

Table 140: Cemeteries Challenges

## c) Service Statistics for Cemeteries

The table below specifies the service delivery level for the year:

Type of service	2015/16	2016/17
Pauper burials	0	29

Table 141: Service Statistics for Cemeteries

## 3.7 COMPONENT E: SECURITY AND SAFETY

### 3.7.1 LAW ENFORCEMENT

#### a) Introduction to Law Enforcement

The Law Enforcement Section is responsible for law enforcement, and monitoring and management of the security service providers, the protection of municipal property, crime prevention duties, and the protection of our beaches as well as monitoring of the security surveillance cameras. Municipal law enforcement is mandated by Government Gazette 23868 of 26 September 2002, to address short falls and hardships experienced by municipalities in South Africa relating to by-law empowerment, Business Act 1991 (Act 71 of 1991), Occupational Health and Safety and land use planning.

b) **Highlights: Law Enforcement**

The table below specifies the highlights for the year:

Highlights	Description
Liquor By-Law	Administering and policing of Liquor By-law
Festive season	Policing of our town, beaches and public spaces during the festive season and beyond
Gathering Act	Administering and policing of the Gatherings Act with SAPS
Stray animals	Partnership with George SPCA with regard to the impounding of stray animals in our communities
Learnership programme	In partnership with the Department of Community Safety with regard to training unemployed youth in all areas
Joint crime prevention operations with SAPS and security cluster	Participating in joint crime prevention with SAPS and security stakeholders in all communities
Student festival	Successful policing of matric rage

Table 142: Law Enforcement Highlights

 c) **Challenges: Law Enforcement**

The table below specifies the challenges for the year:

Description	Actions to address
Staff shortages	Work-study is addressing the problem
Vehicle shortages	Budgetary provision must be made to procure additional vehicles
Training needs	Training to be provided
Animal trailer	Budgetary provision must be made to procure an animal trailer

Table 143: Law Enforcement Challenges

 d) **Service statistics for Law Enforcement**

The table below specifies the service delivery levels for the year:

Details	2015/16	2016/17
Animals impounded	80	133
Complaints attended to by Traffic Officers	629	706
Special Functions – Escorts	15	13
Awareness initiatives on public safety	6	11

Table 144: Law Enforcement Data

## e) Employees: Law Enforcement

The following table indicates the staff composition for this division:

Job Level	2015/16		2016/17		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	4	17	17	0	0
7 - 9	4	4	3	1	25
10 - 12	3	2	2	0	0
13 - 15	2	2	2	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>13</b>	<b>25</b>	<b>24</b>	<b>1</b>	<b>4</b>

Table 145: Employees: Law Enforcement

## f) Capital: Law Enforcement

The following table indicates the capital expenditure for this division:

Capital Projects	R'000			
	2016/17			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Tools and equipment	40	40	0	40
<b>Total Capital Expenditure</b>	<b>40</b>	<b>40</b>	<b>0</b>	<b>40</b>

Table 146: Capital Expenditure 2016/17: Law Enforcement

## 3.7.2 TRAFFIC SERVICES

## a) Introduction to Traffic Services

The Traffic Department strive to provide a safe and secure environment for all road users within the municipal area.

The department relies on support and approval from Council to ensure when motivations and requests are submitted they would be supported. The services offered have improved from year to year with focus on the four E's namely:

- Engineering
- Education

-  Enforcement
-  Evaluation

The department now boasts a school programme for education. Our technical and road marking team have two vehicles in which progress was made to have tenders for supply and delivery of road markings, as well as signs, poles and other technical equipment.

The one-stop centre is progressing well and the department is enthusiastic to about the completion of the yard and driving license testing centre so we can serve the public.

A concern for the department remains safety of officers as the number of attacks on officers around the country is on the increase. We aim to have a two-up policy that no officer patrol or works alone and that cameras for vehicles or personal cameras on vests be worn to ensure that when any incidents occur there is recourse to take and follow up.

#### b) **Highlights: Traffic Services**

The table below specifies the highlights for the year:

Highlights	Description
Driving License Testing Center (DLTC)	On 10 January 2017, the Plettenberg Bay DLTC was officially opened by the Executive Mayor providing members of the public various traffic services
Completion of testing yard	The yard for practical test was completed and application for upgrading to an A grade testing station was submitted to the Department of Traffic
Festive season	The festive season and Plett Rage from a Traffic perspective was dealt with effectively and efficiently

Table 147: Traffic Services Highlights

#### c) **Challenges: Traffic Services**

The table below specify the challenge for the year:

Challenges	Actions to Limit address
Limited office space	The construction of a Public Safety Centre (future project) will address the matter

Table 148: Traffic Services Challenge

#### d) **Additional Performance Service statistics for Traffic Services**

The table below specifies the service delivery levels for the year:

Details	2015/16	2016/17
Motor vehicle licenses processed	22 498	36 017
R- value for Motor Vehicle Licenses	8 249 690	9 031 642



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Details	2015/16	2016/17
Fines issued for traffic offenses	72 092	114 873
R-value of fines collected	6 790 920	7 949 800
Roadblocks held	18	17
Complaints attended to by Traffic Officers	74	86
Awareness initiatives on public safety	7	9
Number of road traffic accidents during the year	102	128
Number of officers in the field on an average day	9	12 (2x Officers currently on VIP detail, 2x Officers stationed at DLTC)
Number of officers on duty on an average day	12	15

Table 149: Additional Performance Service Statistics for Traffic Services

### e) Employees: Traffic Services

The following table indicates the staff composition for this division:

Job Level	2015/16		2016/17		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	6	0	0	0	0
4 - 6	4	12	12	0	0
7 - 9	1	1	1	0	0
10 - 12	12	16	14	2	13
13 - 15	2	3	2	1	33
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>25</b>	<b>37</b>	<b>29</b>	<b>3</b>	<b>8</b>

Table 150: Employees: Traffic Services

### f) Capital: Traffic Services

The following table indicates the capital expenditure for this division:

Capital Projects	R'ooo			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Tools and equipment	60	60	15	45
Trailer	200	0	0	200
Land and buildings 2	4 500	3 800	3 724	776
Furniture and equipment	40	400	24	16
Technical equipment	100	100	26	74
<b>Total</b>	<b>4 900</b>	<b>4 000</b>	<b>3 703</b>	<b>1 111</b>

Table 151: Capital Expenditure 2016/17: Traffic Services

### 3.7.3 FIRE SERVICES AND DISASTER MANAGEMENT

#### a) Introduction to Fire Services and Disaster Management

The Bitou Fire Department has set forward an operational need to increase service delivery and offer a service in fire and rescue as legislated in the Fire Brigade Services Act 99 of 1987, as well as improving services as required to minimums in South African National Standards in Community Protection SANS 10090: 2003.

The Bitou Fire and Rescue Service of Plettenberg Bay is dedicated to providing a service to the entire community, which are all walks of life, all races, all genders, all ages and all religions. In our efforts to improve quality of life and peace of mind, we render a service that is equitable. We can only assist as a team in striving to minimize losses and suffering caused by fires, incidents and disasters.

#### b) Highlights: Fire Services and Disaster Management

The table below specifies the highlights for the year:

Highlights	Description
New tanker pumper purchased	An Iveco 4x4 6 000lt tanker pumper was purchased in June 2017
Major wildfire disaster	The team combatted the 7 June, "Historical 150 year" wild fire
Airport fire sub-station project	Commencement of airport fire services
Appointment of learner fire fighters	In December 2016, 5 learner fire fighters were appointed

Table 152: Highlights: Fire Services and Disaster Management

#### c) Challenges: Fire Services and Disaster Management

The table below specifies the challenges for the year:

Challenges	Description
Only 23 permanent staff members which is less than half of what is required to deliver service on a 3-shift system	Additional staff must be appointed
24 hour services on shift rotation	Service delivery is critical in terms of response from the fire station and not from homes to station and then to incident
Ageing vehicles and equipment	Funding must be secured to maintain and procure vehicles and equipment

Table 153: Challenges: Fire Services and Disaster Management

#### d) Service Statistics for Fire Services and Disaster Management

The table below specifies the service delivery levels for the year:

Details	2015/16	2016/17
Operational call-outs	407	551
Reservists and volunteers trained	10 EPWP	10 EPWP
Awareness initiatives on fire safety	92	58
Total fires attended in the year	288	423
Total of other incidents attended in the year	116	128
Average turnout time - urban areas	3.5 min	3.1 min
Average turnout time - rural areas	19.8 min	19.1 min
Fire fighters in post at year end	1 Chief Fire Officer 2 Seniors 9 Fire Fighters 6 Learners 1 Probationary 5 Control Room	1 Chief Fire Officer 2 Seniors 9 Fire Fighters 7 Learners 5 Probationary 5 Control Room

Table 154: Fire Services and Disaster Management Data

#### e) Employees: Fire Services and Disaster Management

The following table indicates the staff composition for this division:

Job Level	2015/16		2016/17		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
				No.	%
0 - 3	0	0	0	0	0
4 - 6	12	20	17	3	15
7 - 9	9	12	9	3	25
10 - 12	2	3	2	1	33

Job Level	2015/16		2016/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)	
	No.	No.	No.	No.	%	
13 - 15	1	2	1	1	50	
16 - 18	0	0	0	0	0	
19 - 20	0	0	0	0	0	
<b>Total</b>	<b>24</b>	<b>37</b>	<b>29</b>	<b>8</b>	<b>22</b>	

Table 155: Employees: Fire Services and Disaster Management

#### f) Capital: Traffic Services

The following table indicates the capital expenditure for this division:

Capital Projects	R'000			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Fire hydrants	80	80	80	0
Tools and equipment	400	400	395	5
Hazmat equipment- ext loans	200	200	153	47
<b>Total</b>	<b>680</b>	<b>680</b>	<b>628</b>	<b>52</b>

Table 156: Capital Expenditure 2016/17: Fire Services and Disaster Management

### 3.8 COMPONENT F: SPORT AND RECREATION

#### 3.8.1 SPORT AND RECREATION

Bitou enjoys a strong heritage in soccer, rugby, netball and cricket. The sport codes that are in the early stage of development within the greater Bitou community are athletics, cycling, boxing and golf.

##### a) Highlights: Sport and Recreation

The table below specifies the highlights for the year:

Highlights	Description
Good standing and effective working Sport Council	The Sport Council is a body that assists with various sporting codes
Springbok Rugby Basecamp from 28 May 2017 – 05 June 2017	Basecamp of Springbok rugby team for preparations of the tour in France
Mayoral Easter Tournament	The Mayoral Easter Tournament is an annual sports event

Table 157: Sport and Recreation Highlights



## b) Challenges: Sport and Recreation

The table below specifies the challenges for the year:

Description	Actions to address
Shortage of staff	All posts on the organogram were not budgeted for and budgetary provision must be made
Limited budget	Applications for additional budget must be made in order to maintain all the sports facilities

Table 158: Sport and Recreation Challenges

## c) Service Statistics for Sport and Recreation

The table below specifies the service delivery levels for the year:

Type of service	2015/16	2016/17
Number of Sport Grounds/fields	12	12
Number of events hosted on fields	n/a	50
Number of parks with play park equipment	10	10
Number of wards with community parks	7	7
Number of wards with sport fields	7	7

Table 159: Additional Performance Information for Sport and Recreation

## d) Employees: Sport and Recreation

The following table indicates the staff composition for this division:

Job Level	2015/16		2016/17		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	3	14	11	3	21
4 - 6	2	9	5	4	44
7 - 9	0	2	2	0	0
10 - 12	1	1	1	0	0
13 - 15	0	1	1	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>6</b>	<b>27</b>	<b>20</b>	<b>7</b>	<b>26</b>

Table 160: Employees: Sport and Recreation

## e) Capital: Sport and Recreation

The following table indicates the capital expenditure for this division:

Capital Projects	R'000			
	2016/17			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget
<b>Parks and recreation: parks maintenance and horticulture</b>				
Kranshoek:upgrade sports fac	617	617	5367	80
Equipment	188	208	152	36
Upgrade of sports facilit: MIG	2 562	2 562	2 562	0
<b>Parks and recreation: Simunye Centre</b>				
PA system for halls	20	0	0	20
Plastic chairs & tables-halls	70	70	70	0
Weedeaters for grasscutting	8	8	7	1
<b>Total</b>	<b>3 465</b>	<b>3 465</b>	<b>3 328</b>	<b>137</b>

Table 161: Capital Expenditure 2016/17: Sport and Recreation

## 3.9 COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES

## 3.9.1 FINANCIAL SERVICES

The Financial Services Department plays a critical role in the municipal planning process and support to various departments in the Municipality. The department is led by the Chief Financial Officer and it has four departments. The department has 78 staff members and 10 interns.

## a) Highlights: Financial Services

The table below specifies the highlights for the year:

Highlights	Description
Maintain clean audit of Bitou Municipality	Clean audit received in 2015/16 financial year
Monthly financial statements	Continue producing financial statements monthly
Municipal Standard Chart of Accounts (mSCOA) compliant	mSCOA compliant by 1 <sup>st</sup> of July 2017

Table 162: Financial Services Highlights

## b) Challenges: Financial Services

The table below specifies the challenges for the year:

Description	Actions to address
Change management	Continue to have departmental/section staff meetings on shared vision and objectives
mSCOA System	System provider to continue providing assistance and improvements regarding the system challenges in terms of system parameters, accurate population of NT reports and functionality of the entire system
Proper mSCOA training for staff	Continued mSCOA training for staff to understand the processes
Filling of vacant positions (Chief Financial Officer(CFO) and Budget and Treasury Officer(BTO) Senior Manager)	CFO position filled on the 1st of May 2017. BTO Senior Manager re advertised closing date 28 of August 2017

Table 163: Financial Services Challenges

Details of the types of account raised and recovered	Debt Recovery					
	R'ooo					
	2016/17		2016/17			
	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected (%)	To be billed in Year	Estimated turnout for accounts to be billed in year	Estimated Proportion of accounts to be billed that will be collected (%)
Property Rates	112 556	114 275	102	121 560	121 560	100
Electricity	135 846	145 492	117	126 401	126 401	100
Water	57 922	56 268	97	62 387	62 387	100
Sanitation	66 045	58 000	88	70 272	70 272	100
Refuse	39 634	35 413	89	42 112	42 112	100

Table 164: Debt Recovery

## c) Employees: Financial Services

The following table indicates the staff composition for this division:

Job Level	2015/16	2016/17				
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)	
	No.	No.	No.	No.	%	
0 - 3	2	2	2	0	0	
4 - 6	29	46	38	8	17	
7 - 9	7	7	7	0	0	
10 - 12	20	22	17	5	23	

Job Level	2015/16		2016/17		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
13 - 15	5	5	5	0	0
16 - 18	4	3	2	1	33
19 - 20	0	0	0	0	0
<b>Total</b>	<b>67</b>	<b>85</b>	<b>71</b>	<b>14</b>	<b>16</b>

Table 165: Employees: Financial Services

### 3.9.2 HUMAN RESOURCE (HR) SERVICES

The HR function is a staff function aimed at providing the organization with labour, and giving it specialized human resources services to help it to achieve the goals of the organization.

The HR Section provides the following functions:

- **HR Provisioning:** Comprising HR planning, recruitment, selection, placement, induction and career management
- **HR Maintenance:** Comprising the determination of conditions of service, remuneration structures, record keeping, personnel turn-over, settlement of disputes, advisory services, employer-employee relations, social responsibility, Employment equity and performance assessment
- **HR Development:** Comprises training and development for its staff

#### a) Highlights: HR

The table below specifies the highlights for the year:

Highlights	Description
Shortage of suitably qualified staff	Shortage of suitably qualified staff within the section was addressed and the vacancies was filled

Table 166: HR Highlights

#### b) Challenges: HR

The table below specifies the challenges for the year:

Description	Actions to address
Lack of a fully automated HR systems	A fully automated HR system will be procured in the new financial year. The procurement of systems will be addressed in phases

Table 167: HR Challenges

c) **Employees: HR**

The following table indicates the staff composition for this division:

Job Level	2015/16		2016/17		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	2	2	0	0
7 - 9	0	4	4	0	0
10 - 12	3	6	3	3	50
13 - 15	2	3	2	1	33
16 - 18	0	1	1	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>5</b>	<b>16</b>	<b>12</b>	<b>4</b>	<b>25</b>

Table 168: Employees: HR Services

**3.9.3 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES**

 a) **Introduction to ICT Services**

To provide an advisory, strategic, developmental and management service to the municipality in order to maintain, support and design the information systems, communication network and technology resources for the Municipality ensuring the compliance, availability, continuity and security of the Municipality's information and services. Align Council's IDP and vision with ICT strategy through business analytics, strategic budgeting and developmental and programming, implementation of strategies related to the ICT Systems of the organization.

 b) **Highlights: ICT Services**

The table below specifies the highlights for the year:

Highlights	Description
Policy implementation	Taking the approved and establish policies and establishing a baseline for testing and implementing these policies
Compliance	Develop standards and norms for the first round of compliance reviews
Role definition	Definition of roles and responsibilities (daily, weekly monthly's) to prevent reactive management
Disaster recovery (DR) establishment	Finally achieving the basic establishment of the disaster recovery site and successfully (within scope) facilitate a DR fail over

Table 169: ICT Services Highlights

### c) Challenges: ICT Services

The table below specifies the challenges for the year:

Description	Actions to address
Departmental co-operation	Bridging the divide between the disparate systems and departments to establish coherent understanding of the strategic needs of the Municipality
Lack of communication in terms of services to be delivered, resulting in requirements being received at the last minute	Internal communication must be improved
Compliance and process establishment	Implementing and establishing a process to allow for efficiencies with performance enhancements for the provision of support
Connectivity	Due to high demand in the private sector the air space has become congested. This provided challenges providing stable reliable connectivity

Table 170: ICT Services Challenges

### d) Employees: ICT Services

The following table indicates the staff composition for this division:

Job Level	2015/16		2016/17			
	Employees		Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.				
0 - 3	0	0	0	0	0	0
4 - 6	3	1	1	1	0	0
7 - 9	0	1	1	1	0	0
10 - 12	0	0	0	0	0	0
13 - 15	0	1	0	0	1	100
16 - 18	1	1	1	1	0	0
19 - 20	0	0	0	0	0	0
<b>Total</b>	<b>3</b>	<b>4</b>		<b>3</b>	<b>1</b>	<b>25</b>

Table 171: Employees: ICT Services

## e) Capital: ICT Services

Capital Projects	R'000			
	2016/17			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Computer equipment	205	205	167	38
Main building network switches	60	60	0	60
Computer replacement	400	400	402	(2)
Wireless equipment	200	200	193	7
Wireless upgrades	100	100	32	68
Management software	95	95	0	95
<b>Total</b>	<b>1 158</b>	<b>1 138</b>	<b>872</b>	<b>268</b>

Table 172: Capital Expenditure 2016/17: ICT Services

## 3.9.4 LEGAL SERVICES

To provide within the confines of the Constitution and other enabling legislation a dynamic legal environment that renders excellent legal services and ensures excellent executive decision-making and support to Council, thereby protecting Bitou Municipality's interests.

### a) Highlights: Legal Services

The table below specifies the highlights for the year:

Highlights	Description
Cost- savings	Legal expenses were incurred below the budgeted amount for the financial year
Effective case administration	All matters were expeditiously and tentatively attended to
Successful litigation	Several legal disputes were found in favour of the Municipality with an appropriate cost order

Table 173: Legal Services Highlights

### b) Challenges: Legal Services

The table below specifies the challenges for the year:

Description	Actions to address
The Auditor General's re-classification of the services rendered by legal practitioners through a deviation from the SCM procedure as an irregular expenditure	The recommendation to establish a Panel of Attorneys and the consequences thereof is currently considered

Table 174: Legal Services Challenges

## c) Employees: Legal Services

The following table indicates the staff composition for this division:

Job Level	2015/16		2016/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)	
	No.	No.	No.	No.	%	
0 - 3	0	0	0	0	0	
4 - 6	0	1	0	1	100	
7 - 9	1	1	1	0	0	
10 - 12	1	2	1	1	50	
13 - 15	0	0	0	0	0	
16 - 18	1	1	1	0	0	
19 - 20	0	0	0	0	0	
<b>Total</b>	<b>3</b>	<b>5</b>	<b>3</b>	<b>2</b>	<b>40</b>	

Table 175: Employees: Legal Services

## 3.9.5 PROCUREMENT SERVICES

## a) Supply Chain Management (SCM) Policy

The Bitou Municipality SCM Policy Incorporating Preferential Procurement Policy (PPP) was adopted in adherence to the SCM Regulations and is in line with the Model Policy issued by National Treasury (NT).

The SCM Policy was reviewed during the 2016/17 financial year and the main amendments seek to separate the PPP from the SCM Policy as an incorporation. The PPP have also been amended in terms of the Preferential Procurement Regulations of 2017. The PPP will become the main driver of procurement in the organization in terms of Council's strategic goal to increase localized procurement to emerging enterprises.

The amended SCM Policy for 2017/18 was approved on 31 May 2017. The SCM Policy will in future focus on the procurement of goods and services, whilst Council has also approved a policy on the procurement of construction-related services, the Infrastructure Procurement and Delivery Management Policy, on 31 May 2017.

The definition of "in the service of the state" was amended in terms of a Government Gazette, which removed the ambiguities related to non-executive directors serving on the board of government entities and excluded this category of directors from the definition.

Clarification of the term “long term nature” in Section 22(1)(b)(i) of the SCM Regulations, to be interpreted as contracts longer than 3 years vs long term contracts, which are for longer than 1 year. Therefore, advertisements for tenders with implementation periods of less than 3 years do not have to be advertised for 30 days.

The Provincial Treasury regularly reviews the SCM policies of municipalities within the province in order to ensure compliance with all relevant amendments to legislation.

### Delegation of SCM Powers and Duties

Council has delegated the SCM powers and duties to the Municipal Manager in order to ensure that the Municipal Manager adheres to Section 115 of the MFMA to:

- discharge the responsibilities conferred by the SCM Policy
- maximise the administrative and operational efficiency in the implementation of the Policy
- enforce reasonable cost-effective measures to prevent fraud, corruption, favouritism and unfair and irregular practices

The Municipal Manager may in terms of Section 79 of the MFMA, sub-delegate certain of these powers and duties in writing.

Sub-delegations have been conferred in writing to the members of Bid Committees and financial delegations were issued to all heads of departments for the procurement of goods and services for a value up to R200 000, subject to compliance with the requirements of the SCM Policy as recommended by the SCM Manager.

The further sub-delegation has been limited to officials ranked not lower than a TASK-Level 11.

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### b) Supply Chain Management Unit

In terms of Section 7 of the SCM Policy the Municipality must establish a Supply Chain Management Unit (SCMU) to implement its SCM Policy.

The SCMU must operate under the direct supervision of the Chief Financial Officer and may be delegated to an official reporting to the CFO, in terms of Section 82 of the MFMA, viz, the Manager: SCM.

The organisational structure of the SCMU comprises 13 posts and the year kicked off with no vacancies on 1 July 2016. Unfortunately, we lost a Procurement Officer (Buyer) who left for greener pastures. As at 30 June 2017, we therefore had one vacancy with a vacancy rate of 8% (also 8% in 2015/16) existed in the SCMU, just above the norm of 5%. A moratorium has been placed on recruitment processes and the Municipality is undergoing an organisational review.

Job descriptions have been developed, evaluated and audited for 11 positions, with only another 2 to be finalised (SCM Manager & Senior Practitioner: Demand, Acquisition & Compliance). However, we foresee amendments to these job descriptions as a result of the organisational design.

SCM Officials are continuously developed through regular training opportunities, with specialised SCM Training by Provincial Treasury, Local Content Procurement and SCM Forum Meetings. The focus on training and development of officials will be improved and supplemented by the retention of skilled SCM officials and succession planning.



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### c) Demand Management

In terms of Section 10(1) of the SCM Regulations, the Accounting Officer must establish and implement an appropriate demand management system in order to ensure that the resources required by the municipality to support its operational commitments and its strategic goals outlined in the Integrated Development Plan, are delivered at the right time, place and price.

The demand management system must –

- include timely planning and management processes to ensure that all goods and services required by the municipality are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost
- take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature;
- provide for the compilation of the required specifications to ensure that its needs are met
- undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized;
- include the following demand management considerations –
  - understanding of future and current needs
  - requirements are linked to the budget
  - specifications are determined
  - needs form part of the strategic plan and Integrated Development Plan of the Municipality
  - analysis of past and current expenditure
  - optimum methods to satisfy needs
  - frequency of requirements is specified
  - calculation of economic order quantity
  - conducting of industry and market analysis

These processes have been implemented with relative success over the 2016/17 financial year and resulted in a documented plan. However, a lack of monitoring implementation has reduced the efficacy of the plan.

The shortcoming will be addressed and the 2017/18 financial year will see the development of a comprehensive Demand Management Plan, which takes into account all procurement processes required to spend the capital budget for the year and timeous planning for any contracts, which might end. The analysis of ad hoc expenditure will follow as a third phase.

With the advent of centralised procurement, we envision a radical shift in the focus of SCM as the “Buying” arm of the organisation. The vision is that SCM will become the strategic driver in the provision of services in the Municipality, that will leave technical managers to focus on planning service delivery and SCM responsible to provide an end-to-end procurement “service”. Details are currently being fleshed out and will be communicated in due course.

## d) Acquisition Management

The Municipality's system of acquisition management must ensure:

- (i) That goods and services are procured in accordance with authorized processes only
- (ii) That expenditure on goods and services is incurred in terms of an approved budget in terms of Section 15 of the MFMA
- (iii) That the threshold values for different procurement processes are complied with
- (iv) That bid documentation, evaluation and adjudication criteria and general conditions of a contract are in accordance with any applicable legislation
- (v) That any Treasury guidelines on acquisition management are properly taken into account

Goods and service are procured in accordance with authorized processes and approved delegations. Expenditure that has been incurred was budgeted for in the approved budget of Council. The bid documentation that is utilized is in accordance with the guidelines issued by National and Provincial Treasury, the general conditions of contract and applicable legislation such as the Construction Industry Development Board Act (Act 38 of 2000) and we are continuously improving the documents in order to improve access and ease of use.

## e) Accredited Prospective Providers

In terms of Section 14 (1) of the SCM Regulations, the Accounting Officer must keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written or verbal quotations and formal written price quotations.

The Municipality has and maintains an Accredited Suppliers Database on the SAMRAS Financial Management System (FMS). The National Treasury implemented a national verification platform, the Central Suppliers Database (CSD), from 1 July 2016. The Bitou Municipality SCM Policy has been amended in order to allow for the application of the platform and all new database applications are referred to the CSD. Integration are currently performed manually and we envisage an automated integration between the CSD and the SAMRAS FMS to be implemented during the 2017/18 financial year. The service provider has performed a comprehensive data cleansing and validation exercise and reconciled data to the CSD. The SAMRAS FMS have been improved to include automatic update from the CSD and the project implementation is on-going.

The Municipality must at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers and we duly complied with the requirement with a formal advertisement process during June 2017.

The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers are allowed to submit applications for listing at any time and the list is updated daily.

f) **Competitive Bidding for Contracts Valued More than R30 000**

The competitive bidding process and bid committee structures are functioning effectively. Members of the bid committees are required to complete the attendance register and declare to undertake the following:

- That all information, documentation and decisions regarding any matter before the committee is confidential and undertakes not to make known anything in this regard
- To treat all service providers and potential service providers equitably and will not purposefully favour or prejudice anybody
- To make known details of any private or business interest he or she or any close family member, partner or associate may have in any proposed procurement or disposal of, or in any award or contract that they will immediately withdraw from participating in any matter whatsoever

The bid committees have been conducted regularly during the year with attendance closely monitored in compliance with Council's SCM Policy:

No	Committee	Number of Meetings 2016/17 (2015/16)	Attendance for Quorum
1	Specifications	47 (42)	100%
2	Evaluation	44 (44)	100%
3	Adjudication	28 (30)	100%

Table 176: Compliance with Council's SCM Policy

The bid committees processed 67 tenders for awards valued in excess of R 210 million:

No	Tenders Processed	2016/17	2015/16	2014/15
1	Tenders Awarded	67	87	67
2	Contracts Awarded	122	132	123
3	Value of Tenders Awarded	R210 390 000	R256 192 000	R206 000 000
4	Number of Appeals Received	1	1	3
5	Number of successful appeals	0 (4 unresolved)	0 (3 unresolved)	0 (2 unresolved)

Table 177: Tenders Processed

The ten highest bids awarded by the bid adjudication committee were as follows:

Tender No	Tender Description	Awarded To	Estimated Total Amount (Vat Included)
SCM/2017/07/FIN	Supply & Delivery of Reticulation Materials	Incledon (Pty) Ltd	R9 999 999.99
SCM/2017/07/FIN	Supply & Delivery of Reticulation Materials	Joat Sales and Services (Pty) Ltd	R9 999 999.99
SCM/2017/76/COMM	Provision of Security Services	Shelf Plett 40 CC t/a Isolomzi Security	R9 950 137.92
SCM/2017/07/FIN	Supply & Delivery of Reticulation Materials	Plumblink SA (Pty) Ltd	R7 342 469.14

Tender No	Tender Description	Awarded To	Estimated Total Amount (Vat Included)
SCM/2017/18/ENG	Upgrading of Bulk Infrastructure of Kwanokuthula (Phase 2b)	VE Reticulation (Pty)Ltd	R6 537 613.86
SCM/2017/04/ENG	Supply & delivery of Vehicles: Item: 6; 7; 8	Short's Nissan CC	R4 826 985.72
SCM/2017/12/ENG	Construction of a Driver's License Testing Centre in Plettenberg Bay	Hyman Masterfence CC	R4 790 277.49
SCM/2017/129/ENG	Operation & Maintenance of 2ML Per Day Desalination Plant	Veolia Water Solutions & Technologies SA (Pty) Ltd	R4 527 592.41
SCM/2017/74/ENG	Supply & delivery of Vehicles: Item 1 - Hook-lift Trucks	Short's Nissan CC t/a Shorts Nissan	R4 041 359.28
SCM/2017/14/ENG	Supply & Delivery of Pre-paid Split Meters	Conlog (Pty) Ltd t/a Conlog	R3 922 432.20

Table 178: Ten Highest Bids Awarded

The awards in excess of R10 million, was made by the Accounting Officer upon recommendation of the Bid Adjudication Committee. Bids awarded by the Municipal Manager are as follows:

Tender Number	Tender Description	Awarded To	Estimated Total Amount (Vat Included)
SCM/2017/128/FIN	Provision of External Loans: Long Term Debt – R24 998 191	ABSA Bank Ltd	R41 015 994.00
SCM/2017/28/FIN	The Provision of Operational ICT Maintenance & Support Services & Goods	Dimension Data (Pty) Ltd	R14 475 719.03
SCM/2017/56/ENG	Resurfacing of Roads	Entsha Henra CC	R11 897 991.97

Table 179: Tenders awarded in excess of R10 million

We also report in terms of all contracts awarded as follows:

- Broad-Based Black Economic Empowerment (B-BBEE) compliant enterprises
- Enterprises within the Bitou municipal area
- B-BBEE Enterprises within the Bitou municipal area

The schedule compares the results with the comparative previous financial year as follows:

No	Description	2016/17	2015/16
16.	Tenders awarded	67	85
17.	Contracts concluded resulting from the tenders. (Individual suppliers or service providers appointed as a result of the tenders awarded)	122	132
18.	Estimated value of tenders awarded	R210 390 million	R256 192 million
19.	Number of appeals received	1	1
20.	Number of appeals in progress	4 (2 of Q2- 2014/15 still in progress)	
21.	Number of successful appeals	0	0

No	Description	2016/17	2015/16
22.	Number of Contracts awarded to B-BBEE Enterprises	111	114
23.	Value of contracts awarded to B-BBEE Enterprises	R190 527 million	R226 181 million
24.	% of contracts awarded to B-BBEE Enterprises	90.56%	88%
25.	Number of contracts awarded to Enterprises based in the Bitou Municipality Area	58	48
26.	Value of Contracts Awarded to Enterprises based in the Bitou Municipality Area	R82 009 million	R72 790 million
27.	% of Contracts Awarded to Enterprises based in the Bitou Municipality Area vs All Contracts	38.98%	28.41%
28.	Number of contracts awarded to B-BBEE Enterprises based in the Bitou Municipality Area	55	42
29.	Value of contracts awarded to B-BBEE Enterprises based in the Bitou Municipality Area vs All Contracts	R79 701 million	R69 573 million
30.	% of contracts awarded to B-BBEE Enterprises based in the Bitou Municipality Area vs All Contracts	37.88%	27%

Table 180: Comparing Schedule

The value of contracts awarded to enterprises situated within the Bitou municipal borders, with B-BBEE credentials, have increased sharply to almost 38% (from 27%) of all awards, with a value of more than R 79, 701 million.

#### g) Deviations from the SCM Policy

Section 36 of Council's Supply Chain Management Policy allows the Accounting Officer to dispense with the official procurement processes. Deviations to the value of R7 412 717 were considered and approved and compares as follows to the previous financial years:

Description	2016/17	2015/16	2014/15	2013/14
Value of Deviations	R7 412 717	R10 576 087	R15 873 803	R17 381 548
Number of Deviations	109	155	170	307

Table 181: Deviations

The decrease in the value of deviations and in the number of deviations are both indications of the improved diligence exercised in managing procurement in the Municipality. Unfortunately, there is also a direct correlation between the reduction of deviations and the higher number of transactions classified as irregular expenditure, partly due to the outcome of the Auditor-General report for the 2015/16 audit.

SCM officials continuously monitored user-departments closely, with all procurement transactions being subject to scrutiny, in order to ensure correct reporting to Council. The motivation for deviations, however, remains a huge concern. Deviations from the SCM Policy were approved in the following categories as per Section 36 of the SCM Policy for the 2016/17 financial year:

Reason for Deviation	Number of Applications Considered and Approved		Value of Applications Approved	
	2015/16	2016/17	2015/16	2016/17
Section 36(1)(a)(i)- In an emergency which is considered an unforeseeable and sudden event with materially harmful or potentially materially harmful consequences for the municipality which requires urgent action to address	14	12	1 334 998	1 217 620
Section 36(1)(a)(ii)- Where it can be demonstrated that goods or services are produced or available from a single provider only	27	10	763 412	1 981 459
Section 36(1)(a)(iii)- For the acquisition of special works of art or historical objects where specifications are difficult to compile	3	0	32 100	0
Section 36(1)(a)(v)- Exceptional case and it is impractical or impossible to follow the official procurement processes	111	87	8 445 577	4 213 638
<b>Total</b>	<b>155</b>	<b>109</b>	<b>10 576 087</b>	<b>7 412 717</b>

Table 182: Deviation

Most deviations may be addressed via competitive bidding processes and this office is continuing to pro-actively assist user-departments with the sourcing of specifications in order to attempt to further reduce the occurrence or re-occurrence of some deviations.

#### h) Highlights: Procurement Services

The table below specifies the highlights for the year:

Highlights	Description
Positive assessment by the Auditor-General	3 <sup>rd</sup> successive year of no material findings on the activities of the SCMU for the 2015/16 financial year
The continuous development and review of standardized documents, processes and procedures	Various SCM processes have been developed and documented
Maintenance of low stock losses	Consumable stores materials written down due to losses have increased marginally but has been maintained at low levels (less than 2% of inventory on hand)
Roll-out of centralized procurement- Phase 1 & 2	Further implementation of centralised procurement with development of readiness of buyers

Table 183: Procurement Services Highlights

#### i) Challenges: Procurement Services

The table below specifies the challenges for the year:

Description	Actions to address
The institutionalisation of demand management	Development of a culture of demand management planning by drafting a plan
Inadequate utilisation of IT systems	Training on the new mSCOA systems and platforms on the FMS

Description	Actions to address
Fragmented procurement	Appointment of staff for the buyer's section to roll-out centralised online procurement

Table 184: Procurement Services Challenges

## 3.10 COMPONENT H: SERVICE DELIVERY PRIORITIES FOR 2017/18

The main development and service delivery priorities for 2017/18 forms part of the Municipality's top layer SDBIP for 2017/18 and are indicated in the tables below:

### 3.10.1 BUILD A CAPABLE, CORRUPTION-FREE ADMINISTRATION THAT IS ABLE TO DELIVER ON DEVELOPMENTAL MANDATE

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL6	Percentage of people equal to 70% from employment equity target groups employed in the three highest levels of management in compliance with the municipality's approved employment equity plan by 30 June 2017 $\{(Number\ of\ people\ from\ employment\ equity\ target\ groups\ employed\ (appointed)\ in\ the\ three\ highest\ levels\ of\ management\ in\ compliance\ with\ a\ municipality's\ approved\ employment\ equity\ plan/ Number\ of\ people\ employed\ (appointed)\ in\ the\ three\ highest\ levels\ of\ management)\times100\}$	% of people equal to 70% from employment equity target groups employed in the three highest levels of management in compliance with municipality's approved employment equity plan by 30 June 2018	All	70%
TL7	Spent 0.1% of operational budget on training by 30 June 2018 $\{(Actual\ total\ training\ expenditure\ divided\ by\ total\ operational\ budget)\times100\}$	% of operational budget spent on training by 30 June 2018	All	0.10%
TL8	Conduct a comprehensive customer survey in the Greater Plettenberg Bay area by 30 June 2018 to determine the percentage customer satisfaction with the services of the Municipality	Customer Survey conducted in the Greater Plettenberg Bay area by 30 June 2018	All	1
TL9	Review 100% of the Human Resources policies, with the SALGA Policy Framework Scope as basis/directive and submit to Council by 31 December 2017 $\{(Number\ of\ policies\ reviewed/total\ amount\ of\ HR\ policies)\times100\}$	% of HR policies reviewed and submitted to Council by 31 December 2017	All	100%
TL10	Review 100% of the by-laws of the Municipality and submit to Council by 31 March 2018	% of by-laws reviewed and submitted to Council by 31 March 2018	All	100%
TL11	Review the "System of operational delegations" and submit to Council for approval by 31 July 2017	"System of operational delegations" submitted to Council for approval by 31 July 2017	All	1
TL23	Spend 90% of municipal capital budget on capital projects by 30 June 2018 $\{(Actual\ amount\ spent\ on\ capital\ projects/Total\ amount\ budgeted\ for\ capital\ projects)\times100\}$	% the capital budget spent on capital projects as at 30 June 2018	All	90%

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL29	Spend 90% of the budgeted amount for the Server Storage Project by 30 June 2018 {{Actual amount spent on project /Total amount budgeted for project}X100}	% budget spent on project as at 30 June 2018	All	90%
TL30	Compile and submit the Risk Based Audit Plan (RBAP) for the 2018/2019 financial year to the Audit Committee by 30 June 2018	Risk Based Audit Plan for the 2018/19 financial year compiled and submitted to the Audit Committee by 30 June 2018	All	1
TL31	Complete 80% of audits as scheduled in the RBAP applicable for 2017/18 by 30 June 2018 (Actual audits completed divided by the audits scheduled for the year)x100	% of audits completed as at 30 June 2018	All	80%
TL32	Hold quarterly meetings of the Audit Committee for the 2017/2018 financial year	Number of meetings held during the 2017/18 financial year	All	4
TL33	Complete the annual risk assessment for 2018/19 and submit to the Audit Committee by 30 March 2018	Risk assessment of 2018/19 submitted to the Audit Committee by 30 March 2018	All	1
TL34	Review the Performance Management Framework and submit to Council for approval by 31 March 2018	Performance Management Framework reviewed and submitted to Council for approval by 31 March 2018	All	1
TL35	Review and submit the final IDP for 2018/19 to Council by 31 May 2018	IDP reviewed and submitted to Council by 31 May 2018	All	1
TL51	Develop an ICT Disaster Recovery Plan, that can be constructed to enable the Municipality to enact an orderly and timely recovery from a disaster or disruptive incident, and submit to Council by 30 April 2018	ICT Disaster Recovery Plan developed and submitted to Council by 30 April 2018	All	1
TL52	Submit monthly reports to the Municipal Manager during the 2017/18 financial year regarding actual or suspected security breaches or security weaknesses	Number of reports submitted	All	12

Table 185: Build a Capable, Corruption-Free Administration that is able to Deliver on Developmental Mandate

## 3.10.2 GROW LOCAL ECONOMY, CREATE JOBS, EMPOWER PREVIOUSLY DISADVANTAGED, TRANSFORM OWNERSHIP PATTERNS

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL38	Develop an Economic Growth and Development Strategy and submit to Council by 31 March 2018	Economic Growth and Development Strategy submitted to Council by 31 March 2018	All	1
TL39	Finalise the Tourism Bylaw and submit to Council by 30 September 2017	Tourism Bylaw finalised and submitted to Council by 30 September 2017	All	1
TL40	Develop and submit the "Development Agency" model and submit to Council for approval by 30 June 2018	"Development Agency" model developed and submitted to Council for approval by 30 June 2017	All	1

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL41	Develop and complete a feasibility study and business plan for the Eden Bio-Dome by 30 June 2018	Eden Bio-Dome feasibility study and business plan developed and completed by 30 June 2018	All	1
TL42	Develop and complete a feasibility study and business plan for the Robberg Cultural Bridge by 30 June 2018	Robberg Cultural Bridge feasibility study and business plan developed and completed by 30 June 2018	All	1
TL43	Initiate 6 labour intensive projects by 30 June 2018 that can employ households that are registered on the Indigent Register (database)	Number of labour intensive projects initiated by 30 June 2018	All	6
TL44	Employ at least 30% of the employees of the six labour intensive projects who are occupying households that are registered on the Indigent Register (database) by 30 June 2018 {((Number of employees appointed from the Indigent Register/Number of employees appointed) X 100)}	% of employees appointed from the Indigent Register by 30 June 2018	All	30%

Table 186: Grow Local Economy, Create Jobs, Empower Previously Disadvantaged, Transform Ownership Patterns

### 3.10.3 MANAGE EXPENDITURE PRUDENTLY, GROW REVENUE BASE AND BUILD LONG TERM FINANCIAL SUSTAINABILITY SO AS TO INVEST IN SOCIAL AND ECONOMIC DEVELOPMENT

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL20	Provide subsidies for free basic services to indigent households as at 30 June 2018	Number of indigent households receiving subsidies for free basic services as per FMS as at 30 June 2018	All	4,274
TL21	Provide subsidies for services to sub economic households as at 30 June 2018	Number of sub economic households receiving subsidies for services as per FMS as at 30 June 2018	All	2,493
TL22	Submit monthly progress reports to the Municipal Manager during the 2017/18 financial year regarding the implementation of the mSCOA Regulation	Number of reports submitted	All	12
TL24	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2018 (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	% of debt coverage, as at 30 June 2018	All	45%
TL25	Financial viability measured in terms of the outstanding service debtors as at 30 June 2018 ((Total outstanding service debtors/ revenue received for services)X100)	% of outstanding service debtors as at 30 June 2018	All	11.80%
TL26	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2018 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational	Number of months it takes to cover fix operating expenditure with available cash	All	2

Ref	KPI	Unit of Measurement	Wards	Annual Target
	Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)) as per Circular 71			
TL27	Achieve a debtor payment percentage of 95% by 30 June 2018 [(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance+ Bad Debts Written Off)/Billed Revenue] x 100	% debtor payment achieved as at 30 June 2018	All	95%

Table 187: Manage Expenditure Prudently, Grow Revenue Base and Build Long Term Financial Sustainability so as to Invest in Social and Economic Development

#### 3.10.4 UNIVERSAL ACCESS TO DECENT QUALITY OF SERVICES

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL1	Complete 180 Top Structures in Kwanokuthula for the 2017/2018 financial year	Number of top structures completed	5; 6	180
TL2	Complete and submit funding application for the development in certain areas of Qolweni and Kurland to the Department of Human Settlements by 30 June 2018	Funding application completed and submitted to the Department of Human Settlements by 30 June 2018	3; 4	1
TL3	Complete and submit funding application for the development of FLISPS in the vicinity of Shell Ultra City to the Department of Human Settlements by 30 June 2018	Funding application completed and submitted to the Department of Human Settlements by 30 June 2018	2	1
TL4	Complete and submit the closure plan of the refuse site to the Department of Environmental Affairs by 30 September 2017	Closure plan completed and submitted to the Department of Environmental Affairs by 30 September 2017	All	1
TL5	Complete the construction of the "drop-off facility" at the Sewerage Works (Old Nick) by 30 June 2018	Construction of the "drop-off facility" completed at the Sewerage Works by 30 June 2018	All	1
TL12	Create 200 job opportunities in terms of the EPWP during the 2017/2018 financial year by 30 June 2018	Number of job opportunities created by 30 June 2018	All	200
TL13	Reseal 2 kilometers of road by 30 June 2018	Kilometers of road resealed by 30 June 2018	All	2
TL14	Complete the rehabilitation of High Street in Green Valley by 30 June 2018	Project completed by 30 June 2018	1	1
TL15	Upgrade 1.8 kilometers of roads by 30 June 2018	Kilometers of road upgraded by 30 June 2018	All	1.8
TL16	Provide piped water to properties which are connected to the municipal water infrastructure network and billed for the service as at 30 June 2018	Number of properties that receive piped water as per the FMS as at 30 June 2018	All	10,581
TL17	Provide electricity to properties connected to the municipal electrical infrastructure network and billed for the service as well as prepaid electrical metering as at 30 June 2018	Number of properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering) as per the FMS as at 30 June 2018	All	12,075

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL18	Provide sanitation services to properties which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets) as at 30 June 2018	Number of residential properties which are billed for sewerage in accordance with the financial system as at 30 June 2018	All	12,123
TL19	Provide refuse services to properties for which refuse is removed and billed for the service as at 30 June 2018	Number of properties which are billed for refuse removal as per the FMS as at 30 June 2018	All	10,338
TL28	Limit unaccounted for water to less than 15% as at 30 June 2018 $\{( \text{Number of Kiloliters Water Purchased or Purified} - \text{Number of Kiloliters Water Sold (incl free basic water)} ) / \text{Number of Kiloliters Water Purchased or Purified} \times 100\}$	% unaccounted water by 30 June 2018	All	15%
TL36	Review the land audit and submit a report with recommendations to Council by 30 June 2018	Land audit report submitted to Council by 30 June 2018	All	1
TL37	Compile an integrated zoning scheme and submit to Council by 30 June 2018	Integrated zoning scheme submitted to Council 30 June 2018	All	1
TL45	Limit unaccounted for electricity to less than 10% as at 30 June 2018 $\{( \text{Number of units purchased} - \text{Number of units Sold (incl free basic electricity)} ) / \text{Number of units} \times 100\}$	% unaccounted electricity by 30 June 2018	All	10%
TL46	Review the Disaster Management Plan during the 2017/2018 financial year and submit to Council by 31 March 2018	Disaster Management Plan reviewed and submitted to Council by 31 March 2018	All	1
TL47	Conduct two risk safety inspections per month during the 2017/18 financial year	Number of risk safety inspections conducted during the 2017/18 financial year	All	24
TL48	Conduct one special operation per month during the 2017/18 financial year	Number of special operations conducted during the 2017/18 financial year	All	12
TL49	Conduct two education programmes per quarter during the 2017/18 financial year	Number of education programmes conducted during the 2017/18 financial year	All	8
TL50	Conduct monthly crime prevention initiatives during the 2017/18 financial year	Number of monthly crime prevention initiatives conducted during the 2017/18 financial year	All	12

Table 188: Universal Access to Decent Quality of Services

## CHAPTER 4

### 4.1 NATIONAL KEY PERFORMANCE INDICATORS – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area – Municipal Transformation and Organisational Development.

KPA & Indicators	Municipal Achievement	
	2015/16	2016/17
Percentage of people equal to 90% from employment equity target groups employed in the three highest levels of management in compliance with the municipality's approved employment equity plan by 30 June 2017 {((Number of people from employment equity target groups employed (appointed) in the three highest levels of management in compliance with a municipality's approved employment equity plan/ Number of people employed (appointed) in the three highest levels of management)x100)}	79%	78%
Spent 0.1% of operational budget on training by 30 June 2017 {((Actual total training expenditure divided by total operational budget)x100)}	0.38%	0.22%

Table 189: National KPIs – Municipal Transformation and Organisational Development

### 4.2 INTRODUCTION TO THE MUNICIPAL WORKFORCE

The Municipality currently employs **546** (excluding non-permanent positions) officials, who individually and collectively contribute to the achievement of Municipality's objectives. The primary objective of HR management is to render an innovative HR service that addresses both skills development and an administrative function.

#### 4.2.1 EMPLOYMENT EQUITY

The Employment Equity Act (1998) Chapter 3, Section 15 (1) states that affirmative action measures are measures designed to ensure that suitable qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer. The national performance indicator also refers to: "Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan"

##### a) Employment Equity vs. Population



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Description	African	Coloured	Indian	White	Other	Total
Population numbers	22 239	15 344	249	8 307	3 023	49 162
% Population	45%	31%	1%	17%	6%	100%
Number for positions filled	292	249	3	35	0	579
% for Positions filled	50%	43%	1%	6%	0%	100%

Table 190: EE Population 2016/17

## b) Specific Occupational Levels - Race

The table below categories the number of employees by race within the occupational levels:

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top Management	2	0	0	1	2	0	0	0	5
Senior management	0	1		5	0	0	0	0	6
Professionally qualified and experienced specialists and mid- management	11	9	1	6	1	4	0	3	35
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	26	48	1	14	29	23	0	2	143
Semi-skilled and discretionary decision making	74	69	0	1	45	40	0	1	230
Unskilled and defined decision making	65	22	0		24	16	0	0	127
<b>Total permanent</b>	<b>178</b>	<b>149</b>	<b>2</b>	<b>27</b>	<b>101</b>	<b>83</b>	<b>0</b>	<b>6</b>	<b>546</b>
Non- permanent employees	8	7	1	0	5	10	0	2	33
<b>Total</b>	<b>186</b>	<b>156</b>	<b>3</b>	<b>27</b>	<b>106</b>	<b>93</b>	<b>0</b>	<b>8</b>	<b>579</b>

Table 191: Occupational Levels

## c) Departments - Race

The following table categories the number of employees by race within the different departments:

Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Municipal Manager	13	4	0	1	12	7	0	0	37
Corporate Services	4	7	0	0	9	14	0	2	36
Financial Services	14	15	0	3	25	17	0	2	76
Community Services	88	64	0	9	43	38	0	1	243

Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Municipal Services and Infrastructure Development	54	53	2	11	5	3	0	0	128
Planning & Strategic Services	5	6	0	3	7	4	0	1	26
<b>Total permanent</b>	<b>178</b>	<b>149</b>	<b>2</b>	<b>27</b>	<b>101</b>	<b>83</b>	<b>0</b>	<b>6</b>	<b>546</b>
Non- permanent	8	7	1	0	5	10	0	2	33
<b>Grand total</b>	<b>186</b>	<b>156</b>	<b>3</b>	<b>27</b>	<b>106</b>	<b>93</b>	<b>0</b>	<b>8</b>	<b>579</b>

Table 192: Department - Race

#### 4.2.2 VACANCY RATE

The Municipality had 653 budgeted positions approved for the 2016/17 financial year. 107 Budgeted posts were vacant at the end of 2016/17, resulting in a vacancy rate of 16%. A total number of 579 positions are filled of which 546 are permanently filled and 33 positions temporarily.

Below is a table that indicates the vacancies within the municipality:

Per Post Level		
Post level	Filled	Vacant
MM & MSA section 57 & 56	5	1
Middle management (T14-T19)	40	26
Admin Officers (T4-T13)	374	136
General Workers (T3)	127	41
<b>Total</b>	<b>546</b>	<b>204</b>
Per Functional Level		
Functional area	Filled	Vacant
Municipal Manager	37	18
Corporate Services	36	10
Financial Services	76	17
Community Services	243	74
Municipal Services and Infrastructure Development	128	68
Planning & Strategic Services	26	17
<b>Total</b>	<b>546</b>	<b>204</b>

Table 193: Vacancy Rate Per Post and Functional Level

## 4.2.3 TURNOVER RATE

A high staff turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organisational knowledge. Below is a table that shows the staff turnover rate within the Municipality. The staff turnover rate shows a decrease of 3.9 % in 2015/16 to 2.2 % in 2016/17.

The table below indicates the turn-over rate over the last two years:

Financial year	Total no appointments at the end of each Financial Year	New appointments	No Terminations during the year	Turn-over Rate
2015/16	521	75	20	3.9%
2016/17	546	132	12	2.20%

Table 194: Staff Turnover Rate

## 4.3 MANAGING THE MUNICIPAL WORKFORCE

Managing the municipal workforce refers to analyzing and coordinating employee behavior.

### 4.3.1 INJURIES

An occupational injury is a personal injury, disease or death resulting from an occupational accident. Compensation claims for such occupational injuries are calculated according to the seriousness of the injury/disease and can be costly to a municipality. Occupational injury will influence the loss of man hours and therefore financial and productivity performance.

The injury rate for the 2015/16 financial year shows that 43 employees (8.4%) of 521 employees were injured against 66 (11 %) employees of 579 employees in the 2016/17 financial year.

The table below indicates the total number of injuries within the different directorates:

Directorates	2015/16	2016/17
Municipal Manager	0	0
Corporate Services	1	1
Financial Services	4	3
Community Services	26	40
Municipal Services and Infrastructure Development	11	20
Planning & Strategic Services	1	2
<b>Total</b>	<b>43</b>	<b>66</b>

Table 195: Injuries

## 4.3.2 SICK LEAVE

The number of day's sick leave taken by employees has service delivery and cost implications. The monitoring of sick leave identifies certain patterns or trends. Once these patterns are identified, corrective action can be taken. The total number of employees that have taken sick leave during the 2016/17 financial year shows a decrease when comparing it with the 2015/16 financial year. The table below indicates the total number sick leave days taken within the different directorates:

Department	2015/16	2016/17
Municipal Manager	135	87
Corporate Services	224	295
Financial Services	319	459
Community Services	2 631.50	1 909.50
Municipal Services and Infrastructure Development	1 526	1 210
Planning & Strategic Services	238	250
<b>Total</b>	<b>5 073.50</b>	<b>4 210.50</b>

Table 196: Sick Leave

## 4.3.3 HR POLICIES AND PLANS

Policies and plans provide guidance for fair and consistent staff treatment and a consistent approach to the managing of staff.

The table below shows the HR policies and plans that are approved and that still needs to be developed:

Approved policies	
Name of Policy	Date approved/ revised
Recruitment & Selection Policy	27 June 2013
Employment Equity	27 March 2013
Dress Code Policy	27 June 2013
Employee Study Aid Policy	27 June 2013
Scarce Skills Policy	27 June 2013
Leave Policy	27 June 2013
Substance Abuse: Alcohol & Drug Policy & Procedure	27 June 2013
Placement Policy	27 June 2013

Approved policies	
Name of policy	Proposed date of approval
Cellular Policy	27 June 2013
Overtime Policy	26 September 2013
Sexual Harassment	26 March 2009
Uniform Protective Clothing Policy	27 March 2013
HIV/AIDS	26 March 2009
Training and Skills Development Policy	27 June 2013
Occupation Health and Safety Policy	27 March 2013
Subsistence and Traveling Allowance Policy (Reviewed)	October 2014

Policies still to be developed	
Name of policy	Proposed date of approval
Occupational Health and Safety Policy	2017/18
Working Hours Policy	2017/18
Acting Policy	2017/18
Removal Expense Policy	2017/18
Employee Assistance Programme Policy	2017/18

Table 197: HR Policies and Plans

#### 4.4 CAPACITATING THE MUNICIPAL WORKFORCE

Section 68(1) of the MSA states that municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose, the human resource capacity of a municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).

##### 4.4.1 SKILLS MATRIX

The table below indicates the number of employees that received training in the year under review:

Management level	Gender	Number of employees identified for training at start of the year (2016/17)	Number of Employees that received training (2016/17)
MM and S57	Female	1	1
	Male	1	1
Legislators, senior officials and managers	Female	8	7
	Male	18	13
Associate professionals and Technicians	Female	0	0
	Male	5	5
Professionals	Female	12	9
	Male	8	6
Clerks	Female	28	26
	Male	17	17
Service and sales workers	Female	8	8
	Male	22	16
Craft and related trade workers	Female	0	0
	Male	14	14
Plant and machine operators and assemblers	Female	0	0
	Male	17	13
Elementary occupations	Female	4	4
	Male	17	17
Sub total	Female	61	55
	Male	118	101
Total		179	156

Table 198: Skills Matrix



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## 4.4.2 SKILLS DEVELOPMENT – TRAINING PROVIDED

The Skills Development Act (1998) and the Municipal Systems Act, (2000), require employers to supply employees with the necessary training in order to develop its human resource capacity. Section 55(1)(f) states that as head of administration the Municipal Manager is responsible for the management, utilization and training of staff.

Occupational categories	Gender	Training provided within the reporting period					
		Learnerships		Skills programmes & other short courses		Total	
		Actual	Target	Actual	Target	Actual	Target
MM and S57	Female	0	0	1	1	1	1
	Male	1	1	0	0	1	1
Legislators, senior officials and managers	Female	3	3	4	5	7	8
	Male	7	8	6	10	13	18
Professionals	Female	5	7	4	6	9	13
	Male	4	4	2	2	6	6
Technicians and associate professionals	Female	0	0	0	0	0	0
	Male	2	2	3	3	5	5
Clerks	Female	10	10	16	18	26	28
	Male	5	5	12	12	17	17
Service and sales workers	Female	0	0	8	8	8	8
	Male	0	0	16	22	16	22
Craft and related trade workers	Female	0	0	0	0	0	0
	Male	0	0	14	14	14	14
Plant and machine operators and assemblers	Female	0	0	0	0	0	0
	Male	0	0	13	17	13	17
Elementary occupations	Female	0	0	4	4	4	4
	Male	0	0	17	17	17	17
Sub total	Female	18	20	37	42	55	62
	Male	19	20	83	97	102	117
Total		37	40	120	139	157	179
88%							

Table 199: Skills Development

## 4.4.3 SKILLS DEVELOPMENT - BUDGET ALLOCATION

The table below indicates that a total amount of R2.8 million were allocated to the workplace skills plan and that 80.89% of the total amount was spent in the 2016/17 financial year:

Year	Total personnel budget	Total Allocated	Total Spend	% Spent
	R 000			
2015/16	168 025	2 028	1 931	95.2
2016/17	189 827	2 757	1 282	46.5

Table 200: Budget Allocated and Spent for Skills Development

## 4.4.4 MFMA COMPETENCIES

In terms of Section 83 (1) of the MFMA, the accounting officer, senior managers, the chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the Municipal Finance Management Act. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcomes-based NQF Level 6 qualification in municipal finance management.

In terms of the Government Notice 493 of 15 June 2007, “(1) No municipality or municipal entity may, with effect 1 January 2013 (exempted until 30 September 2015 as per Government Notice No. 179 of 14 March 2014), employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations.”

## 4.5 MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

Section 66 of the MSA states that the accounting officer of a municipality must report to the Council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits. This is in line with the requirements of the Public Service Regulations, (2002), as well as National Treasury Budget and Reporting Regulations SA22 and SA23.

### 4.5.1 PERSONNEL EXPENDITURE

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the operational budget that was spent on salaries and allowance for the past two financial years and that the municipality is well within the national norm of between 35 to 40%:



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Financial year	Total Expenditure salary and allowances	Total Operating Expenditure(R'ooo)	Percentage (%)
	R'ooo	%	
2015/16	165 421	460 570	35.91
2016/17	195 104	532 278	36.650

Table 201: Personnel Expenditure

Below is a summary of councillor and staff benefits for the year under review:

Financial year	2015/16	2016/17		
	Actual	Original Budget	Adjusted Budget	Actual
Description	R'ooo			
	<b>Councillors (Political Office Bearers Plus Other)</b>			
Salary	3 603	3 855	3 691	4 100
Pension Contributions	158	179	174	316
Medical Aid Contributions	94	92	88	86
Motor vehicle allowance	518	556	529	312
Cell phone allowance	326	339	283	322
Housing allowance	551	576	510	223
In-kind benefits	0	0	0	0
<b>Sub Total</b>	<b>5 250</b>	<b>5 597</b>	<b>5 275</b>	<b>5 359</b>
<b>% increase/(decrease)</b>	<b>(1)</b>	<b>6.61</b>	<b>(5.75)</b>	<b>1.59</b>
<b>Senior Managers of the Municipality</b>				
Basic Salaries and Wages	6 432	7 689	0	6 732
Motor vehicle allowance	1 249	1 243	0	666
Cell phone allowance	147	164	0	155
Performance Bonus	0	0	0	0
Contributions to UIF, Medical and Pension Fund	776	788	0	335
Other benefits or allowances	1 054	28	28	1 939
In-kind benefits	0	0	0	0
<b>Sub Total</b>	<b>9 658</b>	<b>9 912</b>	<b>28</b>	<b>9 827</b>
<b>% increase/(decrease)</b>	<b>6</b>	<b>2.63</b>	<b>(99.72)</b>	<b>34 996</b>
<b>Other Municipal Staff</b>				
Basic Salaries and Wages	95 112	112 871	119 381	105 100



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Financial year	2015/16	2016/17		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
Contributions to UIF, Medical and Pension	24 406	33 424	33 106	30 856
Motor vehicle allowance	5 879	8 345	5 450	10 681
Housing allowance	819	1 917	1 785	1 045
Overtime	7 665	3 657	4 372	9 620
Performance Bonus	215	0	0	-
Other benefits or allowances	16 416	25 182	25 706	17 256
<b>Sub Total</b>	<b>150 512</b>	<b>185 396</b>	<b>189 800</b>	<b>174 558</b>
<b>% increase/(decrease)</b>	<b>(10)</b>	<b>23.18</b>	<b>2.38</b>	<b>(8.03)</b>
<b>Total Municipality</b>	<b>165 419</b>	<b>200 904</b>	<b>195 103</b>	<b>189 744</b>
<b>% increase/(decrease)</b>	<b>(9)</b>	<b>21.45</b>	<b>(2.89)</b>	<b>(2.75)</b>

Table 202: Personnel Expenditure



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## CHAPTER 5

This chapter provides details regarding the financial performance of the municipality for the 2016/17 financial year.

### COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

The Statement of Financial Performance provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

#### 5.1 FINANCIAL SUMMARY

The table below indicates the summary of the financial performance for the 2016/17 financial year:

Description	Financial Summary					
	R'ooo					
	2015/16	2016/17			2016/17 %Variance	
Financial Performance	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	Property rates	108,387	115,510	113,317	112,556	-2.62
	Service charges	220,593	238,354	246,842	250,094	4.69
	Investment revenue	8,923	5,828	8,175	10,367	43.78
	Transfers recognised - operational	104,188	104,543	98,255	100,363	-4.16
	Other own revenue	55,725	48,101	48,209	61,760	22.11
	<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>497,816</b>	<b>512,336</b>	<b>514,799</b>	<b>535,140</b>	<b>4.26</b>
Expenditure	Employee costs	160,645	195,309	189,827	189,893	-2.85
	Remuneration of councillors	5,250	5,597	5,275	5,360	-4.42
	Debt impairment	29,619	31,999	31,999	31,491	-1.61
	Depreciation & asset impairment	21,552	22,736	22,736	24,949	8.87
	Finance charges	23,901	15,318	15,063	23,643	35.21
	Materials and bulk purchases	94,110	89,748	101,205	104,253	13.91
	Transfers and grants	4,200	3,632	4,232	4,000	9.21
Surplus/(Deficit)	Other expenditure	131,210	156,900	180,055	144,911	-8.27
	<b>Total Expenditure</b>	<b>470,488</b>	<b>521,238</b>	<b>550,392</b>	<b>528,500</b>	<b>1.37</b>
	<b>Surplus/(Deficit)</b>	<b>27,328</b>	<b>(8,902)</b>	<b>(35,593)</b>	<b>6,640</b>	<b>234.07</b>
Transfers recognised - capital	48,957	56,960	82,291	81,805	30.37	-0.59



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Financial Summary						
Description	R'ooo			2016/17 %Variance		
	2015/16	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>76,285</b>	<b>48,058</b>	<b>46,698</b>	<b>88,445</b>	45.66	47.20
Capital expenditure & funds sources						
Capital expenditure						
Transfers recognised - capital	44,506	49,965	79,300	72,738	31.31	-9.02
Public contributions & donations	529	0	0	853	100.00	100.00
Borrowing	24,586	27,498	25,217	23,633	-16.35	-6.70
Internally generated funds	27,140	38,601	30,899	23,445	-64.64	-31.79
<b>Total sources of capital funds</b>	<b>96,762</b>	<b>116,064</b>	<b>135,416</b>	<b>120,670</b>	<b>3.82</b>	<b>-12.22</b>
Financial position						
Total current assets	179,502	111,388	108,679	208,447	46.56	47.86
Total non-current assets	911,889	1,001,725	1,029,912	1,006,042	0.43	-2.37
Total current liabilities	111,871	84,844	75,323	132,814	36.12	43.29
Total non-current liabilities	213,908	242,065	223,078	227,619	-6.35	1.99
Community wealth/Equity	765,612	786,204	840,190	854,057	7.94	1.62
Cash flows						
Net cash from (used) operating	106,806	85,702	54,762	117,567	27.10	53.42
Net cash from (used) investing	(90,082)	(115,251)	(147,209)	(120,520)	4.37	-22.14
Net cash from (used) financing	5,611	7,944	14,231	8,045	1.26	-76.88
<b>Cash/cash equivalents at the year end</b>	<b>22,335</b>	<b>(21,605)</b>	<b>(78,216)</b>	<b>5,092</b>	<b>524.27</b>	<b>1635.96</b>
Asset management						
Asset register summary (WDV)	906,521	1,001,725	1,017,812	999,928	-0.18	-1.79
Depreciation & asset impairment	21,552	22,731	22,731	24,949	8.89	8.89
Renewal of Existing Assets	0	17,263	19,434	0	0	0
Repairs and Maintenance	17,028	28,469	28,622	26,069	-9.21	-9.79
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						

Financial Performance 2016/17



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The table below shows a summary of performance against budgets:

Financial Year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	R'ooo	R'ooo	R'ooo		R'ooo	R'ooo	R'ooo	
2015/16	496,943	497,816	873	0	503,643	470,488	33,155	7
2016/17	514,799	535,140	20,341	4	551,054	528,500	22,554	4

Table 203: Performance Against Budgets

### 5.1.1 REVENUE COLLECTION BY VOTE

The table below indicates the revenue collection performance by vote:

Vote Description	2015/16		2016/17		2016/17 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'ooo					
Community and Public Safety	112,561	127,488	134,012	144,790	11.95	7.44
Corporate Services	255	297	355	317	6.51	-11.80
Executive and Council	2,494	2,499	2,499	2,499	0.00	0.00
Financial Services	132,681	130,721	131,786	141,817	7.82	7.07
Strategic Services	6,165	4,953	8,090	8,318	40.46	2.74
Municipal Manager	29,803	30,794	29,632	30,198	-1.98	1.87
Engineering Services	262,815	272,545	290,716	289,006	5.70	-0.59
<b>Total Revenue by Vote</b>	<b>546,773</b>	<b>569,296</b>	<b>597,090</b>	<b>616,945</b>	<b>7.72</b>	<b>3.22</b>

Table 204: Revenue by Vote

### 5.1.2 REVENUE COLLECTION BY SOURCE

The table below indicates the revenue collection performance by source for the 2016/17 financial year:

Description	2015/16		2016/17		2016/17 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'ooo					
Property rates	108,387	115,510	113,317	112,556	-2.62	-0.68



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Description	2015/16	2016/17		2016/17 % Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'ooo					
Service Charges - electricity revenue	118,617	128,184	131,877	131,936	2.84	0.04
Service Charges - water revenue	44,529	45,752	50,044	52,077	12.15	3.90
Service Charges - sanitation revenue	35,537	38,805	41,542	40,711	4.68	-2.04
Service Charges - refuse revenue	21,910	25,612	23,379	25,370	-0.95	7.85
Rentals of facilities and equipment	1,694	1,440	1,442	1,462	1.56	1.38
Interest earned - external investments	8,923	5,828	8,175	10,367	43.78	21.15
Interest earned - outstanding debtors	5,061	4,439	6,513	6,817	34.89	4.45
Fines	25,068	22,016	22,016	29,232	24.68	24.68
Licences and permits	91	6,052	3,043	211	-2768.91	-1342.62
Agency services	1,406	1,219	1,268	1,518	19.67	16.45
Transfers recognised - operational	104,188	104,543	98,538	100,363	-4.16	1.82
Transfers recognised - Capital	48,957	56,960	82,008	81,805	30.37	-0.25
Public Contributions and Donations	3,503	2,838	1,413	993	-185.73	-42.20
Other revenue	18,691	9,874	11,790	20,725	52.36	43.11
Gains on disposal of PPE	212	223	723	801	72.20	9.78
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>546,773</b>	<b>569,296</b>	<b>597,090</b>	<b>616,945</b>	<b>7.72</b>	<b>3.22</b>

Table 205:

Revenue by Source



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### 5.1.3 OPERATIONAL SERVICES PERFORMANCE

The table below indicates the operational services performance for the 2016/17 financial year:

Financial Performance of Operational Services						
Description	R'000					
	2015/16	2016/17			2016/17 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Operating Cost						
Water	(44,400)	(38,775)	(49,014)	(48,539)	20.12	-0.98
Waste Water (Sanitation)	(26,554)	(21,532)	(26,815)	(25,655)	16.07	-4.52
Electricity	(38,187)	(21,603)	(15,917)	(29,688)	27.23	46.39
Waste Management	(6,484)	(551)	9,584	(233)	-136.31	4213.57
Housing	(8,703)	(24,737)	(41,001)	(41,488)	40.38	1.17
<b>Component A: sub-total</b>	<b>(124,327)</b>	<b>(107,196)</b>	<b>(123,162)</b>	<b>(145,603)</b>	26.38	15.41
Roads and Stormwater	19,410	14,401	15,482	24,382	40.94	36.50
<b>Component B: sub-total</b>	<b>19,410</b>	<b>14,401</b>	<b>15,482</b>	<b>24,382</b>	40.94	36.50
Planning	5,591	6,793	2,207	5,754	-18.06	61.65
<b>Component C: sub-total</b>	<b>5,591</b>	<b>6,793</b>	<b>2,207</b>	<b>5,754</b>	-18.06	61.65
Libraries	(627)	1,744	471	(633)	375.53	174.47
Cemeteries	196	709	718	200	-253.65	-258.29
<b>Component D: sub-total</b>	<b>(431)</b>	<b>2,453</b>	<b>1,189</b>	<b>(433)</b>	667.00	374.94
Traffic Services and Law Enforcement	23,717	5,884	14,984	9,730	39.53	-54.00
<b>Component E: sub-total</b>	<b>23,717</b>	<b>5,884</b>	<b>14,984</b>	<b>9,730</b>	39.53	-54.00
Sport and Recreation	20,647	14,326	14,912	21,397	33.05	30.31
<b>Component F: sub-total</b>	<b>20,647</b>	<b>14,326</b>	<b>14,912</b>	<b>21,397</b>	33.05	30.31
Financial Services	(89,989)	(54,031)	(54,230)	(94,571)	42.87	42.66
Corporate Services	9,781	12,369	13,718	12,732	2.86	-7.74
Other	0	0	0	0	66.67	33.33
<b>Component G: sub-total</b>	<b>(80,208)</b>	<b>(41,662)</b>	<b>(40,513)</b>	<b>(81,838)</b>	49.09	50.50
<b>Total Expenditure</b>	<b>(135,601)</b>	<b>(105,001)</b>	<b>(114,901)</b>	<b>(166,611)</b>	36.98	31.04

Table 206: Operational Services Performance



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### 5.2 FINANCIAL PERFORMANCE PER MUNICIPAL FUNCTION

#### 5.2.1 WATER SERVICES

Description	2015/16	2016/17			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	(77,748)	(76,313)	(86,036)	(86,188)	11.46
<b>Expenditure</b>					
Employees	9,917	12,734	12,285	10,584	-20.32
Repairs and Maintenance	1,493	2,284	2,284	2,135	-6.96
Other	21,938	22,520	22,454	24,930	9.67
<b>Total Operational Expenditure</b>	<b>33,348</b>	<b>37,538</b>	<b>37,022</b>	<b>37,649</b>	<b>0.29</b>
<b>Net Operational (Service) Expenditure</b>	<b>(44,400)</b>	<b>(38,775)</b>	<b>(49,014)</b>	<b>(48,539)</b>	<b>20.12</b>

Table 207: Financial Performance: Water services

#### 5.2.2 WASTE WATER (SANITATION)

Description	2015/16	2016/17			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>(48,817)</b>	<b>(46,749)</b>	<b>(51,188)</b>	<b>(49,926)</b>	<b>6.36</b>
<b>Expenditure</b>					
Employees	5,841	8,636	7,806	6,612	-30.61
Repairs and Maintenance	1,561	1,782	1,782	1,638	-8.78
Other	14,861	14,800	14,786	16,022	7.63
<b>Total Operational Expenditure</b>	<b>22,263</b>	<b>25,217</b>	<b>24,374</b>	<b>24,272</b>	<b>-3.90</b>
<b>Net Operational (Service) Expenditure</b>	<b>(26,554)</b>	<b>(21,532)</b>	<b>(26,815)</b>	<b>(25,655)</b>	<b>16.07</b>

Table 208: Financial Performance: Waste Water (Sanitation) services



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### 5.2.3 ELECTRICITY

Description	2015/16		2016/17		
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	(146,795)	(154,959)	(158,768)	(161,085)	3.80
<b>Expenditure</b>					
Employees	12,358	13,846	13,477	13,478	-2.73
Repairs and Maintenance	2,628	5,230	5,356	4,436	-17.90
Other	93,622	114,281	124,018	113,483	-0.70
<b>Total Operational Expenditure</b>	<b>108,607</b>	<b>133,357</b>	<b>142,851</b>	<b>131,397</b>	<b>-1.49</b>
<b>Net Operational (Service) Expenditure</b>	<b>(38,187)</b>	<b>(21,603)</b>	<b>(15,917)</b>	<b>(29,688)</b>	<b>27.23</b>

Table 209: Financial Performance: Electricity

### 5.2.4 WASTE MANAGEMENT

Description	2015/16		2016/17		
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>(29,399)</b>	<b>(33,881)</b>	<b>(31,925)</b>	<b>(34,003)</b>	<b>0.36</b>
<b>Expenditure</b>					
Employees	11,209	11,610	12,483	13,045	10.99
Repairs and Maintenance	263	2,103	7,246	3,870	45.66
Other	11,443	19,617	21,780	16,856	-16.38
<b>Total Operational Expenditure</b>	<b>22,915</b>	<b>33,330</b>	<b>41,509</b>	<b>33,770</b>	<b>1.30</b>
<b>Net Operational (Service) Expenditure</b>	<b>(6,484)</b>	<b>(551)</b>	<b>9,584</b>	<b>(233)</b>	<b>-136.31</b>

Table 210: Financial Performance: Waste Management



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### 5.2.5 HOUSING

Description	2015/16		2016/17		
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	(45,126)	(56,103)	(65,775)	(67,526)	16.92
<b>Expenditure</b>					
Employees	4,691	4,460	4,469	5,339	16.46
Repairs and Maintenance	186	212	212	30	-597.52
Other	31,547	26,694	20,094	20,668	-29.16
<b>Total Operational Expenditure</b>	<b>36,424</b>	<b>31,366</b>	<b>24,774</b>	<b>26,037</b>	<b>-20.47</b>
<b>Net Operational (Service) Expenditure</b>	<b>(8,703)</b>	<b>(24,737)</b>	<b>(41,001)</b>	<b>(41,488)</b>	<b>40.38</b>

Table 211: Financial Performance: Housing

### 5.2.6 ROADS AND STORMWATER

Description	2015/16		2016/17		
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>(765)</b>	<b>(8,539)</b>	<b>(8,539)</b>	<b>(200)</b>	<b>-4169.30</b>
<b>Expenditure</b>					
Employees	5,202	7,459	7,268	6,141	-21.47
Repairs and Maintenance	3,594	5,494	5,794	5,132	-7.05
Other	11,380	9,987	10,958	13,309	24.96
<b>Total Operational Expenditure</b>	<b>20,175</b>	<b>22,940</b>	<b>24,021</b>	<b>24,582</b>	<b>6.68</b>
<b>Net Operational (Service) Expenditure</b>	<b>19,410</b>	<b>14,401</b>	<b>15,482</b>	<b>24,382</b>	<b>40.94</b>

Table 212: Financial Performance: Roads and Stormwater



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### 5.2.7 LED

Description	2015/16		2016/17		
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	0	(904)	(904)	0	0
<b>Expenditure</b>					
Employees	1,685	2,403	2,331	2,440	1.51
Repairs and Maintenance	0	6	6	0	0
Other	105	414	514	481	14.02
<b>Total Operational Expenditure</b>	<b>1,790</b>	<b>2,823</b>	<b>2,851</b>	<b>2,921</b>	<b>3.36</b>
<b>Net Operational (Service) Expenditure</b>	<b>1,790</b>	<b>1,919</b>	<b>1,947</b>	<b>2,921</b>	<b>34.30</b>

Table 213: Financial Performance: LED

### 5.2.8 PLANNING AND DEVELOPMENT

Description	2015/16		2016/17		
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>(3,682)</b>	<b>(5,422)</b>	<b>(6,818)</b>	<b>(4,825)</b>	<b>-12.37</b>
<b>Expenditure</b>					
Employees	6,424	8,531	7,764	10,097	15.51
Repairs and Maintenance	523	992	1,192	743	-33.60
Other	2,326	2,692	68	(261)	1133.17
<b>Total Operational Expenditure</b>	<b>9,274</b>	<b>12,215</b>	<b>9,024</b>	<b>10,579</b>	<b>-15.46</b>
<b>Net Operational (Service) Expenditure</b>	<b>5,591</b>	<b>6,793</b>	<b>2,207</b>	<b>5,754</b>	<b>-18.06</b>

Table 214: Financial Performance: Planning and Development



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### 5.2.9 LIBRARIES

Description	2015/16		2016/17		
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	(10,695)	(9,868)	(10,544)	(10,542)	6.40
<b>Expenditure</b>					
Employees	7,684	8,459	7,862	7,260	-16.51
Repairs and Maintenance	58	215	204	143	-50.15
Other	2,326	2,938	2,949	2,506	-17.25
<b>Total Operational Expenditure</b>	<b>10,068</b>	<b>11,612</b>	<b>11,015</b>	<b>9,909</b>	<b>-17.19</b>
<b>Net Operational (Service) Expenditure</b>	<b>(627)</b>	<b>1,744</b>	<b>471</b>	<b>(633)</b>	<b>375.53</b>

Table 215: Financial Performance: Libraries

### 5.2.10 TRAFFIC SERVICES AND LAW ENFORCEMENT

Description	2015/16		2016/17		
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>(26,498)</b>	<b>(33,963)</b>	<b>(31,032)</b>	<b>(45,483)</b>	<b>25.33</b>
<b>Expenditure</b>					
Employees	15,462	14,934	16,121	17,080	12.56
Repairs and Maintenance	7,746	1,277	942	730	-74.87
Other	27,007	23,636	28,953	37,403	36.81
<b>Total Operational Expenditure</b>	<b>50,216</b>	<b>39,847</b>	<b>46,016</b>	<b>55,213</b>	<b>27.83</b>
<b>Net Operational (Service) Expenditure</b>	<b>23,717</b>	<b>5,884</b>	<b>14,984</b>	<b>9,730</b>	<b>39.53</b>

Table 216: Financial Performance: Traffic Services and Law Enforcement



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### 5.2.11 CEMETERIES

Description	2015/16		2016/17		
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	(27)	(40)	(34)	(30)	-35.06
<b>Expenditure</b>					
Employees	0	312	315	34	-818.94
Repairs and Maintenance	16	38	38	3	-1333.24
Other	207	399	399	194	-105.91
<b>Total Operational Expenditure</b>	<b>223</b>	<b>749</b>	<b>752</b>	<b>230</b>	<b>-225.23</b>
<b>Net Operational (Service) Expenditure</b>	<b>196</b>	<b>709</b>	<b>718</b>	<b>200</b>	<b>-253.65</b>

Table 217: Financial Performance: Cemeteries

### 5.2.12 SPORT, PARKS AND RECREATION

Description	2015/16		2016/17		
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>(862)</b>	<b>(8,082)</b>	<b>(7,891)</b>	<b>(603)</b>	<b>-1241.23</b>
<b>Expenditure</b>					
Employees	15,208	15,752	15,803	16,486	4.45
Repairs and Maintenance	2,878	3,194	3,508	2,123	-50.42
Other	3,424	3,462	3,492	3,391	-2.11
<b>Total Operational Expenditure</b>	<b>21,510</b>	<b>22,408</b>	<b>22,803</b>	<b>22,000</b>	<b>-1.86</b>
<b>Net Operational (Service) Expenditure</b>	<b>20,647</b>	<b>14,326</b>	<b>14,912</b>	<b>21,397</b>	<b>33.05</b>

Table 218: Financial Performance: Sport, Parks and Recreation



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### 5.2.13 TOURISM

Description	2015/16		2016/17		
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	0	(1,168)	(1,168)	0	0
<b>Expenditure</b>					
Employees	0	0	0	0	0
Repairs and Maintenance	0	6	6	0	0
Other	5,150	4,351	6,861	5,775	24.65
<b>Total Operational Expenditure</b>	<b>5,150</b>	<b>4,357</b>	<b>6,867</b>	<b>5,775</b>	<b>24.55</b>
<b>Net Operational (Service) Expenditure</b>	<b>5,150</b>	<b>3,190</b>	<b>5,700</b>	<b>5,775</b>	<b>44.77</b>

Table 219: Financial Performance: Tourism

### 5.2.14 FINANCIAL SERVICES

Description	2015/16		2016/17		
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>(132,681)</b>	<b>(130,721)</b>	<b>(131,786)</b>	<b>(141,817)</b>	<b>7.82</b>
<b>Expenditure</b>					
Employees	23,339	30,266	28,256	27,647	-9.47
Repairs and Maintenance	131	1,357	1,357	862	-57.35
Other	19,222	45,067	47,943	18,737	-140.52
<b>Total Operational Expenditure</b>	<b>42,692</b>	<b>76,690</b>	<b>77,556</b>	<b>47,247</b>	<b>-62.32</b>
<b>Net Operational (Service) Expenditure</b>	<b>(89,989)</b>	<b>(54,031)</b>	<b>(54,230)</b>	<b>(94,571)</b>	<b>42.87</b>

Table 220: Financial Performance: Financial Services



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### 5.2.15 HUMAN RESOURCES

Description	2015/16		2016/17		
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	(255)	(433)	(493)	(317)	-36.60
<b>Expenditure</b>					
Employees	4,431	5,335	5,404	5,988	10.91
Repairs and Maintenance	0	27	27	0	0
Other	5,604	7,440	8,779	7,061	-5.36
<b>Total Operational Expenditure</b>	<b>10,036</b>	<b>12,802</b>	<b>14,211</b>	<b>13,049</b>	<b>1.90</b>
<b>Net Operational (Service) Expenditure</b>	<b>9,781</b>	<b>12,369</b>	<b>13,718</b>	<b>12,732</b>	<b>2.86</b>

Table 221: Financial Performance: Human Resources

### 5.3 GRANTS

#### 5.3.1 GRANT PERFORMANCE

The performance in the spending of these grants is summarised as follows:

Description	Grant Performance					
	R'000					
	2015/16	2016/17		2016/17 % Variance		
Description	Actual	Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
<b>Capital Transfers and Grants</b>						
<b>National Government:</b>	<b>81,633</b>	<b>94,832</b>	<b>101,261</b>	<b>98,979</b>	<b>4.19</b>	<b>-2.31</b>
Equitable Share	56,999	64,235	64,235	64,235	0	0
Local Government Financial Management Grant	1,450	1,475	1,475	1,475	0	0
Extended Public Works Program	1,062	1,869	1,869	1,869	0	0
Municipal Infrastructure Grant	22,122	19,253	25,682	23,400	17.72	-9.75
Integrated National Electrification Program	7,000	8,000	8,000	8,000	0	0



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Grant Performance						
Description	R'ooo					
	2015/16		2016/17			2016/17 % Variance
	Actual	Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
<b>Provincial Government:</b>	<b>34,457</b>	<b>66,258</b>	<b>77,712</b>	<b>81,612</b>	<b>18.81</b>	<b>4.78</b>
CDW operational support grant	18	19	19	19	0	0
Library Services	8,251	9,830	10,490	10,490	6.29	0
Integrating Housing Settlement Grant	26,903	53,535	63,349	67,429	20.60	6.05
Finance Management Support Grant	50	120	340	220	45.45	-54.55
Maintenance Main Road Subsidy	(765)	2,754	2,754	2,754	0	0
Municipal Service Delivery and Capacity Building grant	0	0	700	700	100.00	0
Local Government Graduate Internship Grant	0	0	60	0	0	0
<b>Other grant providers:</b>	<b>603</b>	<b>413</b>	<b>1,573</b>	<b>1,577</b>	<b>73.80</b>	<b>0.25</b>
LGSETA Grant	784	313	313	317	1.23	1.23
Thusong Grant	80	100	100	100	0	0
Disaster Management Grant Eden District	2,546	0	32	32	100.00	0
Sassa	603	0	1,127	1,127	100.00	0
<b>Total Operating Transfers and Grants</b>	<b>116,693</b>	<b>161,503</b>	<b>180,546</b>	<b>182,168</b>	<b>11.34</b>	<b>0.89</b>

Table 222: Grant Performance for 2016/17

### 5.3.2 CONDITIONAL GRANTS (EXCLUDING MIG)

Conditional Grants: excluding MIG						
Details	R'ooo					
	2015/16 Audited Actual	Budget	Adjusted Budget	Actual	% Variance	
					Budget	Adjusted Budget
Local Government Financial Management Grant	1,450	1,475	1,475	1,475	0	0
Integrated National Electrification Program	7,000	8,000	8,000	8,000	0	0

Conditional Grants: excluding MIG						
Details	R'ooo					% Variance
	2015/16	Budget	Adjusted Budget	Actual	Budget	
	Audited Actual				Adjusted Budget	
Municipal Infrastructure Grant	22,122	19,253	25,682	23,400	17.72	-9.75
Extended Public Works Program	1,062	1,869	1,869	1,869	0	0
CDW operational support grant	18	19	19	19	0	0
Library Services	8,251	9,830	10,490	10,490	6.29	0
Integrating Housing Settlement Grant	26,903	53,535	63,349	67,429	20.60	6.05
Finance Management Support Grant	50	120	340	220	45.45	-54.55
Maintenance Main Road Subsidy	(765)	2,754	2,754	2,754	0.00	0.00
Municipal Service Delivery and Capacity Building grant	0	0	700	700	100.00	0.00
Local Government Graduate Internship Grant	0	0	60	0	0	0
<b>Total</b>	<b>66,091</b>	<b>96,855</b>	<b>114,738</b>	<b>116,356</b>	<b>16.76</b>	<b>1.39</b>

Table 223: Conditional Grant (excl. MIG)

### 5.3.3 LEVEL OF RELIANCE ON GRANTS AND SUBSIDIES

Financial year	Total grants	Total	Percentage
	and subsidies received	Operating Revenue	
	R'ooo	R'ooo	
2015/16	153,145	497,816	<b>30.76</b>
2016/17	182,168	535,140	<b>34.04</b>

Table 224: Reliance on grants

## 5.4 ASSET MANAGEMENT

The objectives of the asset management within the Bitou Municipality are to assist officials in understanding their legal and managerial responsibilities with regard to assets and to ensure the effective and efficient control of the Municipality's assets through:

- Proper recording of assets from authorisation to acquisition and to subsequent disposal
- Providing for safeguarding procedures
- Setting proper guidelines as to authorised utilisation
- Prescribing for proper maintenance

The key elements of the Asset Management Policy represent:

- Statutory and regulatory framework / responsibilities and accountabilities
- Financial management / internal controls / management of control items
- Management and operation of assets / classification & components
- Accounting for assets / financial disclosure

The asset management section consists of three staff members and forms part of the Expenditure & Asset Management Division within the finance directorate.

The costing module on the SAMRAS Management Information System is utilized to cost all new asset components up to completion there-of. This approach was deployed over the past year with great success.

Regular asset counts are conducted in accordance with the prescriptions of the Asset Management Policy. Information regarding asset register updates in respect of disposals, adjustments, review of useful life etc. is based on submissions by user departments in accordance with the procedures in place. Management envisages that the asset register will be hosted on software specifically developed for this purpose (currently on Excel) and more to full adherence to GRAP requirements.

### 5.4.1 TREATMENT OF THE THREE LARGEST ASSETS

Asset 1		
Name	Farm 440 Portion 105	
Description	Airport	
Asset Type	Land (Only)	
Key Staff Involved	Property Manager, Budget Office and Supply Chain Management Office	
Staff Responsibilities	Repairs, Maintenance, Additions and Safeguarding of Asset	
Asset Value as at 30 June 2014	2015/16 R million	2016/17 R million



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Asset 1		
	22,542	22,542
Future Purpose of Asset	Tourism and economic development	
Policies in Place to Manage Asset	Asset Management and Insurance Policies	

Table 225: Treatment of the three largest assets: Asset 1

Asset 2		
Name	Farm 456 Portion 1	
Description	Grootfontein (Golf Course)	
Asset Type	Land (Only)	
Key Staff Involved	Property Manager, Budget Office and Supply Chain Management Office	
Staff Responsibilities	Repairs, Maintenance, Additions and Safeguarding of Asset	
Asset Value as at 30 June 2014	2015/16 R million	2016/17 R million
	17,163	17,163
Future Purpose of Asset	Leased for Recreational purposes	
Policies in Place to Manage Asset	Asset Management and Insurance Policies	

Table 226: Treatment of the three largest assets: Asset 2

Asset 2		
Name	Erf 4117, Plettenberg Bay	
Description	Desalination Plant	
Asset Type	Land (only)	
Key Staff Involved	Property Manager, Budget Office and Supply Chain Management Office	
Staff Responsibilities	Repairs, Maintenance, Additions and Safeguarding of Asset	
Asset Value as at 30 June 2014	2015/16 R million	2016/17 R million
	15,790	15,790
Future Purpose of Asset	Site on which Desalination Plant is constructed / Water Supply during peak seasons	
Policies in Place to Manage Asset	Asset Management and Insurance Policies	

Table 227: Treatment of the three largest assets: Asset 3



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### 5.4.2 REPAIRS AND MAINTENANCE

Description	2015/16	2016/17			
	Actual (Audited Outcome)	Original Budget	Adjustment Budget	Actual	Budget variance
		R' 000			%
Repairs and maintenance expenditure	17,028	28,640	34,589	25,254	-36.97

Table 228: Repairs & Maintenance Expenditure

Description	Basis of calculation	2015/16	2016/17
		Audited outcome	Pre-audit outcome
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4%	4%

Table 229: Repairs & maintenance as a percentage of total revenue

### 5.5 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

#### 5.5.1 LIQUIDITY RATIO

Description	Basis of calculation	2015/16	2016/17
		Audited outcome	Pre-audit outcome
Current Ratio	Current assets/current liabilities	1.60	1.57
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.16	1.09
Liquidity Ratio	Monetary Assets/Current Liabilities	0.20	0.04

Table 230: Liquidity Financial Ratio

#### 5.5.2 IDP REGULATION FINANCIAL VIABILITY INDICATORS

Description	Basis of calculation	2015/16	2016/17
		Audited outcome	Pre-audit outcome
Cost Coverage	(Available cash + Investments-Unspent Grants)/monthly fixed operational expenditure	24%	24%
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	13%	13%



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Description	Basis of calculation	2015/16	2016/17
		Audited outcome	Pre-audit outcome
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	27%	28%

Table 231: Financial Viability National KPs

### 5.5.3 BORROWING MANAGEMENT

Description	Basis of calculation	2015/16	2016/17
		Audited outcome	Pre-audit outcome
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	3%	3%

Table 232: Borrowing Management

### 5.5.4 EMPLOYEE COSTS

Description	Basis of calculation	2015/16	2016/17
		Audited outcome	Pre-audit outcome
Employee costs	Employee costs/(Total Revenue - capital revenue)	32.27%	35%

Table 233: Employee Costs

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

### 5.6 CAPITAL EXPENDITURE BY ASSET PROGRAM

Description	2015/16	2016/17			Planned Capital expenditure		
	Audited outcome	Original Budget	Adjustment Budget	Actual Expenditure	2016/17	2017/18	2018/19
R'ooo							
<u>Capital expenditure by Asset Class</u>							
Infrastructure - Total	22,021	39,631	45,556	40,197	19,048	15,290	12,222
Infrastructure: Road transport - Total	18,098	39,131	45,028	39,967	19,048	15,290	12,222
Roads, Pavements & Bridges	3,922	500	528	230	0	0	0



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Description	2015/16	2016/17			Planned Capital expenditure		
	Audited outcome	Original Budget	Adjustment Budget	Actual Expenditure	2016/17	2017/18	2018/19
Stormwater	22,021	39,631	45,556	40,197	19,048	15,290	12,222
<b>Infrastructure: Electricity - Total</b>	<b>21,419</b>	<b>14,048</b>	<b>12,750</b>	<b>12,290</b>	<b>18,413</b>	<b>18,988</b>	<b>24,119</b>
Transmission & Reticulation	18,892	13,648	12,350	12,290	18,413	18,988	24,119
Street Lighting	2,527	400	400	0	0	0	0
<b>Infrastructure: Water - Total</b>	<b>10,715</b>	<b>13,389</b>	<b>13,573</b>	<b>11,788</b>	<b>18,499</b>	<b>15,740</b>	<b>22,800</b>
Dams & Reservoirs	1,564	3,787	5,341	4,544	800	800	800
Water purification	0	0	0	0	609	250	250
Reticulation	9,151	9,603	8,232	7,244	17,090	14,690	21,750
<b>Infrastructure: Sanitation - Total</b>	<b>8,807</b>	<b>16,862</b>	<b>15,227</b>	<b>12,885</b>	<b>22,498</b>	<b>13,750</b>	<b>13,648</b>
Reticulation	2,897	4,639	5,213	5,165	11,766	10,000	11,028
Sewerage purification	5,911	12,223	10,014	7,719	10,732	3,750	2,620
<b>Infrastructure: Other - Total</b>	<b>9,574</b>	<b>3,750</b>	<b>4,200</b>	<b>5,776</b>	<b>0</b>	<b>0</b>	<b>0</b>
Waste Management	9,465	1,750	2,200	5,776	0	0	0
Transportation	109	0	0	0	0	0	0
Other	0	2,000	2,000	0	0	0	0
<b>Community - Total</b>	<b>1,937</b>	<b>5,141</b>	<b>5,404</b>	<b>3,893</b>	<b>8,684</b>	<b>9,269</b>	<b>7,241</b>
Sports fields& stadia	439	2,562	2,562	2,562	0	0	0
Libraries	725	399	1,271	1,251	512	0	0
Fire, safety & emergency	0	80	80	80	400	550	700
Security and policing	381	900	0	0	0	0	0
Cemeteries	392	1,200	1,491	0	7,772	8,599	6,421
Other	0	0	0	0	0	120	120
<b>Other assets</b>	<b>22,117</b>	<b>23,148</b>	<b>38,609</b>	<b>33,804</b>	<b>24,282</b>	<b>15,833</b>	<b>20,203</b>
General vehicles	11,416	9,845	9,845	10,071	0	0	1,000
Specialised vehicles	1,095	0	0	0	0	0	0
Plant & equipment	1,231	2,178	2,483	1,893	9,549	10,512	14,273
Computers - hardware/equipment	2,025	1,184	1,093	978	2,535	1,600	1,100

Description	2015/16	2016/17			Planned Capital expenditure		
	Audited outcome	Original Budget	Adjustment Budget	Actual Expenditure	2016/17	2017/18	2018/19
Furniture and other office equipment	1,009	1,527	1,496	770	3,678	3,441	3,750
Other Buildings	5,340	7,360	8,993	5,392	8,520	280	80
Other Land	0	1,054	14,700	14,700	0	0	0
<b>Intangibles</b>	<b>173</b>	<b>95</b>	<b>95</b>	<b>37</b>	<b>440</b>	<b>200</b>	<b>450</b>
Computers - software & programming	173	95	95	37	440	200	450
<b>Total Capital Expenditure on new assets</b>	<b>96,762</b>	<b>116,064</b>	<b>135,416</b>	<b>120,670</b>	<b>111,864</b>	<b>89,070</b>	<b>100,683</b>
<b>Specialised vehicles</b>	<b>1,095</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Refuse	1,095	0	0	0	0	0	0

Table 234: Analysis of Capital and Operating Expenditure

## 5.7 SOURCES OF FINANCE

The table below indicates the capital expenditure by funding source for the 2016/17 financial year:

Capital Expenditure: Funding Sources						
Details	R'000					
	2015/16	Actual	Original Budget (OB)	Adjustment Budget	2016/17	Actual
External loans	24,586	27,498	25,217	23,633	-9.05	-16.35
Public contributions and donations	529	0	0	853	0	100
Grants and subsidies	44,506	49,965	79,300	72,738	36.99	31.31
Own funding	27,140	38,601	30,899	23,445	-24.93	-64.64
<b>Total</b>	<b>96,762</b>	<b>116,064</b>	<b>135,416</b>	<b>120,670</b>	<b>14.29</b>	<b>3.82</b>

Percentage of finance					
External loans	25%	24%	19%	20%	
Public contributions and donations	1%	0%	0%	1%	
Grants and subsidies	46%	43%	59%	60%	



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Capital Expenditure: Funding Sources						
Details	R'ooo					
	2015/16	Original Budget (OB)	Adjust-ment Budget	2016/17	Actual	Adjustment to OB Variance
Own funding	28%	33%	23%	19%		
Capital expenditure						
Water and sanitation	21,492	31,341	29,733	25,449	-5.41	-23.15
Electricity	21,462	14,348	12,900	12,292	-11.22	-16.72
Housing	30,152	48,056	53,873	18,203	10.80	83.22
Roads and stormwater	23,656	22,320	38,909	39,129	42.64	-22.81
Other	96,762	116,064	135,416	25,597	14.29	24.73
<b>Total</b>	<b>21,492</b>	<b>31,341</b>	<b>29,733</b>	<b>120,670</b>	<b>-5.41</b>	<b>3.82</b>
Percentage of expenditure						
Water and sanitation	22%	27%	22%	21%		
Electricity	22%	12%	10%	10%		
Housing	31%	41%	40%	15%		
Roads and stormwater	24%	19%	29%	32%		
Other	22%	27%	22%	21%		

Table 235: Capital expenditure by Asset Program

### 5.8 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Projects with the highest capital expenditure in 2016/17

Name of Project*	2016/17			% Variance	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance	Adjustment variance
Kwano Civil Services Phase 4	7,037	15,826	15,100	0.05	(29,636.65)
Replacement Of Fleet Vehicle	9,345	9,545	9,703	0.00	(258,499.53)
Kwano:Upgrade Bulk Electrifica	6,229	6,200	6,200	(0.00)	1,322,040.15
Land and Buildings 2	4,500	3,800	3,724	(0.02)	18,242.43
Qolweni/Bossiesgif Ph 4a (410)	4,664	594	475	(0.88)	67.43

Projects with the highest capital expenditure in 2016/17

Table 236: Capital Expenditure on the 5 Largest Projects



## ANNUAL PERFORMANCE REPORT

2016/17

### COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

Cash flow management is critical to the municipality as it enables the organisation to assess whether enough cash is available at any point in time to cover the council's commitments. Cash flow is rigorously managed and monitored on a regular basis.

#### 5.9 CASH FLOW

Cash Flow Outcomes				
Description	R'000			
	2015/16	2016/17		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>Cash flow from operating activities</b>				
<b>Receipts</b>				
Ratepayers and other	354,409	364,450	374,812	411,120
Government - operating	97,770	104,230	87,382	96,724
Government - capital	48,957	56,960	81,976	62,550
Interest	13,984	8,807	12,900	17,183
<b>Payments</b>				
Suppliers and employees	(381,561)	(429,795)	(458,902)	(442,367)
Finance charges	(23,901)	(15,318)	(15,063)	(23,643)
Transfers and Grants	(4,200)	(3,632)	(4,232)	(4,000)
<b>Net cash from/(used) operating activities</b>	<b>105,457</b>	<b>85,702</b>	<b>78,874</b>	<b>117,567</b>
<b>Cash flows from investing activities</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE	636	223	723	801
Decrease (Increase) in non-current debtors	0	0	0	(37)
Decrease (increase) other non-current receivables	40	0	3	3
Decrease (increase) in non-current investments	30,073	0	(810)	(750)
<b>Payments</b>				
Capital assets	(91,519)	(115,473)	(135,154)	(120,538)
<b>Net cash from/(used) investing activities</b>	<b>(60,771)</b>	<b>(115,251)</b>	<b>(135,237)</b>	<b>(120,520)</b>
<b>Cash flows from financing activities</b>				
<b>Receipts</b>				
Movement in agreements	20,000	24,998	25,000	25,309



## ANNUAL PERFORMANCE REPORT

2016/17

Cash Flow Outcomes				
Description	R'ooo			
	2015/16	2016/17		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Payments				
Repayment of borrowing	(14,696)	(17,128)	(17,487)	(17,263)
Net cash from/(used) financing activities	5,304	7,870	7,513	8,045
Net increase/ (decrease) in cash held	49,989	(21,678)	(48,851)	5,092
Cash/cash equivalents at the year begin:	68,385	70,849	120,963	120,963
Cash/cash equivalents at the year-end:	120,963	49,245	72,436	126,055

Table 237: Cashflow

### 5.10 GROSS OUTSTANDING DEBTORS PER SERVICE

Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)			
		R'ooo	R'ooo			
2015/16	21,503,495	39,647,601	32,488,201	770,414	5,469,834	99,879,545
2016/17	23,603,975	47,255,207	41,601,738	837,072	6,130,815	119,428,807
Difference	2,100	7,608	9,114	67	661	19,549
% growth year on year	10	19	28	9	12	20

Table 238: Gross outstanding debtors per service

## 5.11 TOTAL DEBTORS AGE ANALYSIS

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	R'000	R'000	R'000	R'000	R'000
2015/16	24,118,801	2,461,416	1,928,330	49,867,503	78,376,050
2016/17	22,624,692	4,784,643	4,194,047	64,221,451	95,824,832
Difference	(1,494)	2,323	2,266	14,354	17,449
% growth year on year	-6	94	117	29	22

Note: Figures exclude provision for bad debt

Table 239: Service debtor age analysis

## 5.12 BORROWING AND INVESTMENTS

## 5.12.1 ACTUAL BORROWINGS

Actual Borrowings		
	R' 000	
Instrument	2015/16	2016/17
Long-Term Loans (annuity/reducing balance)	137,041	146,562
Financial Leases	3,748	1,963
<b>Total</b>	<b>140,790</b>	<b>148,524</b>

Table 240: Actual Borrowings

## 5.13.2 MUNICIPAL INVESTMENTS

Actual Investments		
	R'000	
Investment type	2015/16	2016/17
Deposits - Bank	103,684	53,010
<b>Total</b>	<b>103,684</b>	<b>53,010</b>

Table 241: Municipal Investments

## CHAPTER 6

### 6.1 AUDITED OUTCOMES

Year	2015/16	2016/17
Status	Unqualified	Unqualified

Table 242: Audit outcomes

### 6.2 AUDITOR-GENERAL REPORT 2016/17

2016/17	
Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
<b>Financial Statements</b>	
<b>Material losses/impairments</b>	
The municipality provided for the impairment of receivables from exchange transactions amounting to R62.9 million (2015/16: R48 million).	<ol style="list-style-type: none"> <li>1. Filing of key vacancies in the revenue section eg. Accountant: Credit Control and Accountant: Revenue Enhancement.</li> <li>2. Ensure full functioning of the Revenue Enhancement unit and also fill vacancies in this unit.</li> <li>3. Stringent and consistent implementation of Credit Control and Debt Collection Policies.</li> <li>4. Revisiting the phasing out of rebate percentages that has an effect on the affordability of residents in the sub-economic areas.</li> <li>5. Handover of outstanding debt older than 90 days, service provider has been appointed in 2018.</li> <li>6. Finalizing defended matters.</li> </ol>
The municipality provided for the impairment of receivables from non-exchange transactions amounting to R75.3 million (2015/16: R56.4 million).	<ol style="list-style-type: none"> <li>1. Filing of key vacancies in the revenue section eg. Accountant: Credit Control and Accountant: Revenue Enhancement.</li> <li>2. Ensure full functioning of the Revenue Enhancement unit and also fill vacancies in this unit.</li> <li>3. Stringent and consistent implementation of Credit Control and Debt Collection Policies.</li> <li>4. Revisiting the phasing out of rebate percentages that has an effect on the affordability of residents in the sub-economic areas.</li> <li>5. Handover of outstanding debt older than 90 days, service provider has been appointed in 2018.</li> <li>Finalizing defended matters.</li> </ol>

Table 243: AG Report 2016/17

## LIST OF ABBREVIATIONS

<b>AG</b>	Auditor-General
<b>CAPEX</b>	Capital Expenditure
<b>CBP</b>	Community Based Planning
<b>CFO</b>	Chief Financial Officer
<b>DPLG</b>	Department of Provincial and Local Government
<b>DWAF</b>	Department of Water Affairs and Forestry
<b>EE</b>	Employment Equity
<b>EPWP</b>	Extended Public Works Programme
<b>GAMAP</b>	Generally Accepted Municipal Accounting Practice
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>HR</b>	Human Resources
<b>IDP</b>	Integrated Development Plan
<b>IFRS</b>	International Financial Reporting Standards
<b>IMFO</b>	Institute for Municipal Finance Officers
<b>KPA</b>	Key Performance Area
<b>KPI</b>	Key Performance Indicator
<b>LED</b>	Local Economic Development
<b>MAYCOM</b>	Executive Mayoral Committee
<b>MFMA</b>	Municipal Finance Management Act (Act No. 56 of 2003)
<b>MIG</b>	Municipal Infrastructure Grant
<b>MM</b>	Municipal Manager
<b>MMC</b>	Member of Mayoral Committee
<b>MSA</b>	Municipal Systems Act No. 32 of 2000
<b>MTECH</b>	Medium Term Expenditure Committee
<b>NGO</b>	Non-governmental organisation
<b>NT</b>	National Treasury

<b>OPEX</b>	Operating expenditure
<b>PMS</b>	Performance Management System
<b>PT</b>	Provincial Treasury
<b>SALGA</b>	South African Local Government Organisation
<b>SAMDI</b>	South African Management Development Institute
<b>SCM</b>	Supply Chain Management
<b>SDBIP</b>	Service Delivery and Budget Implementation Plan
<b>SDF</b>	Spatial Development Framework



# ANNUAL PERFORMANCE REPORT

2016/17

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## Annexure A

### Financial Statements

# BITOU MUNICIPALITY



**Unaudited**

**FINANCIAL STATEMENTS**

**30 JUNE 2017**

# BITOU LOCAL MUNICIPALITY

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# BITOU MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### GENERAL INFORMATION

#### NATURE OF BUSINESS

Bitou Municipality is a local municipality performing the functions as set out in the Constitution (Act no 105 of 1996). This in effect means that the municipality provide services like water, electricity, sewerage and sanitation to the community. Bitou Municipality also serves as an agent to Provincial Government in providing Housing to the community.

#### COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act (Act no 117 of 1998)

#### JURISDICTION

The Bitou Municipality includes the following areas:

*Plettenberg Bay*

*Natures Valley*

*Witsedrift*

*Keurbooms*

*Kranshoek*

*Harkerville*

*Kwanokuthula*

#### MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor *Councillor M.P. Lobese*

Deputy Executive Mayor *Councillor J Kam Kam*

Speaker *Councillor A.R. Olivier*

Mayoral Committee Member *Councillor W.J. Nel*

Mayoral Committee Member *Councillor N.S. Ndayi*

#### ORDINARY COUNCILLORS

Councillor *Councillor E.V. Wiltdeiman*

Councillor *Councillor S.E. Gcabayi*

Councillor *Councillor M. M. Mbali*

Councillor *Councillor N.C. Jacob*

Councillor *Councillor L. M. Seyisi*

Councillor *Councillor A.S. Windvogel*

Councillor *Councillor D. Swarts*

Councillor *Councillor X. Malyila*

#### MUNICIPAL MANAGER

*Mr TC Ndlovu*

#### CHIEF FINANCIAL OFFICER

*Mr BV Mkhetha*

#### REGISTERED OFFICE

*Sewell Street, Plettenberg Bay, 6600*

*Private Bag X 1002. Plettenberg Bay, 6600*

#### AUDITORS

*Office of the Auditor General*

#### PRINCIPLE BANKERS

*Nedbank, Plettenberg Bay*

#### ATTORNEYS

*Mosdall, Pama & Cox*

*Nandi Butabula*

*Hutchinson*

#### RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)

Division of Revenue Act

The Income Tax Act

Value Added Tax Act

Municipal Structures Act (Act no 117 of 1998)

Municipal Systems Act (Act no 32 of 2000)

Municipal Planning and Performance Management Regulations

Water Services Act (Act no 108 of 1997)

Housing Act (Act no 107 of 1997)

Municipal Property Rates Act (Act no 6 of 2004)

Electricity Act (Act no 41 of 1987)

Skills Development Levies Act (Act no 9 of 1999)

Employment Equity Act (Act no 55 of 1998)

Unemployment Insurance Act (Act no 30 of 1995)

Basic Conditions of Employment Act (Act no 75 of 1997)

Supply Chain Management Regulations, 2005

Collective Agreements

Infrastructure Grants

SALBC Leave Regulations

## 2016 / 2017

### MEMBERS OF THE BITOU LOCAL MUNICIPALITY

#### WARD

- 1 Wiltedrif/Kurland/Natures Valley/Keurbooms/Cowie/Uplands
- 2 Plettenberg Bay South & North
- 3 Qolweni/Bossiesgiff/Pinetrees/Portion of New Horizons
- 4 Portion of New Horizons/Portion of KwaNokuthula
- 5 Kwanokuthula
- 6 Kwanokuthula
- 7 Kranshoek/Harkerville/portion of KwaNokuthula

#### COUNCILLOR

*Councillor J Kam Kam*  
*Councillor D Swarts*  
*Councillor X Matyila*  
*Councillor AS Windvogel*  
*Councillor M M Mbali*  
*Councillor S E Gcabayi*  
*Councillor A R Olivier*

#### PROPORTIONAL

*Councillor P.M Lobese*  
*Councillor E.V Wildeman*  
*Councillor M Seyisi*  
*Councillor N.C Jacob*  
*Councillor W.J Nel*  
*Councillor N.S Ndayi*

#### APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2017, which are set out on pages 1 to 84 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with Generally Recognized Accounting Practice (GRAP).

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year ended at 30 June 2017 and is satisfied that the Municipality can continue in operational existence as a going concern for the foreseeable future.

The external auditors are responsible for reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Mr TC Ndlovu  
Municipal Manager

2017/11/17

Date

BITOU LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

	Notes	2017 R	2016 R	(Restated)
<b>NET ASSETS AND LIABILITIES</b>				
<b>Net Assets</b>		<b>854 056 971</b>	<b>765 612 173</b>	
Capital Replacement Reserve	2	83 000 000	65 000 000	
Accumulated Surplus		771 056 971	700 612 173	
<b>Non-Current Liabilities</b>		<b>227 618 669</b>	<b>213 907 763</b>	
Long-term Liabilities	3	129 987 984	124 235 810	
Employee benefits	4	97 630 685	89 671 953	
<b>Current Liabilities</b>		<b>132 813 681</b>	<b>111 870 964</b>	
Consumer Deposits	6	6 224 457	5 913 923	
Current Employee benefits	7	22 681 908	18 718 877	
Provisions	8	14 553 336	15 391 540	
Payables from exchange transactions	9	67 786 568	45 013 722	
Unspent Conditional Government Grants and Receipts	10	2 461 793	9 747 606	
Unspent Public Contributions	11	272 196	104 051	
Operating Lease Liability	22	297 004	427 515	
Current Portion of Long-term Liabilities	3	18 536 418	16 553 730	
<b>Total Net Assets and Liabilities</b>		<b>1 214 489 321</b>	<b>1 091 390 899</b>	
<b>ASSETS</b>				
<b>Non-Current Assets</b>		<b>1 006 041 966</b>	<b>911 888 807</b>	
Property, Plant and Equipment	13	944 124 212	850 663 106	
Investment Property	14	55 452 825	55 453 363	
Intangible Assets	15	316 123	369 804	
Heritage Assets	16	35 193	35 193	
Non Current Investment	17	6 102 365	5 352 171	
Long-Term Receivables	18	11 248	15 169	
<b>Current Assets</b>		<b>208 447 354</b>	<b>179 502 093</b>	
Inventory	19	7 818 835	5 220 794	
Receivables from exchange transactions	20	32 929 838	29 666 510	
Receivables from non-exchange transactions	21	22 587 721	17 945 886	
Unpaid Conditional Government Grants and Receipts	10	14 480 577	-	
Unpaid Public Contributions	11	0	603 466	
Operating Lease Asset	22	273 230	206 364	
Taxes	12	4 297 914	4 892 657	
Current Portion of Long-term Receivables	18	3 921	3 407	
Cash and Cash Equivalents	23	126 055 319	120 963 009	
<b>Total Assets</b>		<b>1 214 489 321</b>	<b>1 091 390 899</b>	

BITOU LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 (Actual) R	2016 (Restated) R
<b>REVENUE</b>			
Revenue from Non-exchange Transactions		334 130 007	296 176 325
Taxation Revenue		112 556 121	108 386 833
Property taxes	24	112 556 121	108 386 833
Transfer Revenue		183 161 364	156 647 922
Government Grants and Subsidies-capital	25	81 804 891	48 956 549
Government Grants and Subsidies	25	100 363 103	104 188 207
Public Contributions and Donations	26	993 370	3 503 166
Other Revenue		38 412 523	31 141 570
Actuarial Gain	4	8 461 659	5 630 634
Fines		29 231 854	25 067 530
Contributed Assets		94 753	13 422
Third Party Payments		624 257	429 982
Revenue from Exchange Transactions		282 814 615	250 596 496
Service Charges	27	250 094 254	220 592 611
Rental of Facilities and Equipment		1 462 374	1 693 886
Interest Earned - external investments		10 366 703	8 923 281
Interest Earned - outstanding debtors		6 816 522	5 060 847
Agency Services		1 518 035	1 405 699
Other Income	28	11 508 665	12 587 391
Stock Adjustments		35 689	29 818
Gain on disposal of Property, Plant and Equipment		801 408	211 960
Licences and Permits		210 965	91 003
<b>Total Revenue</b>		<b>616 944 623</b>	<b>546 772 820</b>
<b>EXPENDITURE</b>			
Employee related costs	29	189 893 260	160 645 420
Remuneration of Councillors	30	5 359 837	5 250 182
Debt Impairment	31	31 491 196	21 809 229
Bad Debts Written-off	31	6 016 213	7 810 141
Collection Cost		778 590	1 079 804
Depreciation and Amortisation	32	24 948 555	21 552 309
Impairments/Write-Offs	33	187 896	264 201
Repairs and Maintenance		-	-
Actuarial losses	4	2 396 195	343 739
Finance Charges	34	23 642 757	23 900 903
Bulk Purchases	35	104 253 188	94 110 392
Stock Adjustments		-	-
Contracted services		34 305 104	34 092 489
Grants and Subsidies		4 000 000	4 200 000
Loss on Disposal of PPE		2 126 172	905 104
General Expenses	36	99 100 863	94 524 293
<b>Total Expenditure</b>		<b>528 499 825</b>	<b>470 488 206</b>
<b>NET SURPLUS FOR THE YEAR</b>		<b>88 444 798</b>	<b>76 284 614</b>

BITOU LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2017

	Note	Capital	Accumulated	Total
		Replacement Reserve	Surplus/(Deficit)	R
		R	R	R
<b>2015</b>				
Balance at 1 JULY 2015		25 000 000	656 275 557	681 275 557
Correction of error		-	8 052 001	8 052 001
<b>2016</b>				
Restated Balance at 1 JULY 2015	37.02	25 000 000	664 327 559	689 327 559
Net Surplus for the year		-	76 284 614	76 284 614
Transfer from CRR		(27 140 083)	27 140 083	(0)
Transfer to CRR		67 140 083	(67 140 083)	-
<b>Restated Balance at 30 JUNE 2016</b>	<b>37.02</b>	<b>65 000 000</b>	<b>700 612 173</b>	<b>765 612 173</b>
<b>2017</b>				
Net Surplus for the year		-	88 444 798	88 444 798
Transfer from CRR-capital expenditure		(24 592 417)	24 592 417	-
Transfer to CRR		42 592 417	(42 592 417)	-
<b>Balance at 30 JUNE 2017</b>		<b>83 000 000</b>	<b>771 056 971</b>	<b>854 056 971</b>

BITOU LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

	Notes	30 JUNE 2017 R	30 JUNE 2016 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Ratepayers and other		411 119 677	354 408 571
Government		159 274 162	147 628 053
Interest		17 183 225	13 984 128
<b>Payments</b>			
Suppliers and employees		(446 367 259)	(385 313 491)
Finance charges	34	(23 642 757)	(23 900 903)
<b>Cash generated by operations</b>	38	<u>117 567 049</u>	<u>106 806 359</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment	13	(120 537 591)	(90 537 756)
Purchase of Intangible Assets		(37 168)	(50 000)
Proceeds on Disposal of Assets		801 409	635 632
Decrease in non-current receivables		3 407	39 578
Increase in non-current Investments		(750 193)	(5 352 170)
Increase in current Investments			5 182 465
<b>Net Cash from Investing Activities</b>		<u>(120 520 136)</u>	<u>(90 082 250)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Loans repaid		(17 263 328)	(14 696 112)
New loans raised		24 998 191	20 000 000
Increase in Consumer Deposits		310 533	307 249
<b>Net Cash from Financing Activities</b>		<u>8 045 396</u>	<u>5 611 138</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<u>5 092 309</u>	<u>22 335 246</u>
Cash and Cash Equivalents at the beginning of the year		120 963 009	98 627 763
Cash and Cash Equivalents at the end of the year	39	<u>126 055 319</u>	<u>120 963 009</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<u>5 092 309</u>	<u>22 335 246</u>

**BITOU MUNICIPALITY**  
**BUDGET COMPARISONS FOR THE YEAR ENDED 30 JUNE 2017**

**BITOU LOCAL MUNICIPALITY**

Ref.	ORIGINAL		FINAL		ACTUAL	
	BUDGET	ADJUSTMENTS	BUDGET	ACTUAL	VS	BUDGET
	R	R	R	R	R	R
<b>STATEMENT OF FINANCIAL POSITION</b>						
Total current assets	C1	111 388 000	(2 709 000)	108 679 000	208 447 354	99 768 354
Total non- current assets	C2	1 001 725 000	28 187 000	1 029 912 000	1 006 041 966	(23 870 034)
Total current liabilities	C3	84 844 000	(9 521 000)	75 323 000	132 813 681	57 490 681
Total non- current liabilities	C4	242 065 000	(18 987 000)	223 078 000	227 618 669	4 540 669
<b>Total Net Assets</b>		<b>786 203 000</b>	<b>53 986 000</b>	<b>840 189 000</b>	<b>854 056 971</b>	<b>13 866 971</b>

**STATEMENT OF FINANCIAL PERFORMANCE**

*Group Reporting Framework*

**Revenue**

Property taxes		115 509 705	(2 192 289)	113 317 416	112 556 121	(761 295)
Government Grants and Subsidies-Capital	C5	56 960 000	25 331 000	82 291 000	81 804 891	(486 109)
Government Grants and Subsidies	C6	104 543 183	(6 287 898)	98 255 285	100 363 103	2 107 818
Public Contributions and Donations		2 838 362	(1 425 789)	1 412 573	993 370	(419 203)
Actuarial Gain	C7	0	-	-	8 461 659	8 461 659
Fines	C8	22 016 052	-	22 016 052	29 231 854	7 215 802
Service Charges	C9	238 353 562	8 488 922	246 842 484	250 094 254	3 251 770
Rental of Facilities and Equipment		1 439 570	2 617	1 442 187	1 462 374	20 187
Interest Earned - external investments		5 828 297	2 346 271	8 174 568	10 366 703	2 192 135
Interest Earned - outstanding debtors		4 438 575	2 074 679	6 513 254	6 816 522	303 268
Agency Services		1 219 372	48 989	1 268 361	1 518 035	249 674
Other Income		9 108 505	1 919 108	11 027 613	11 508 665	481 052
Contributed Assets		0	-	-	94 753	94 753
Stock Adjustments		0	-	-	35 689	35 689
Licences and Permits		6 052 396	(3 008 969)	3 043 427	210 965	(2 832 462)
Gain on disposal of Property, Plant and Equipment		222 780	500 220	723 000	801 408	78 408
Third Party Payments		765 872	(3 282)	762 590	624 257	(138 333)
<b>Total Revenue</b>		<b>569 296 231</b>	<b>27 793 579</b>	<b>597 089 810</b>	<b>616 944 623</b>	<b>19 854 813</b>

**Expenditure**

Employee related costs	C10	195 309 495	(5 482 388)	189 827 107	189 893 260	66 153
Remuneration of Councillors		5 596 800	(322 200)	5 274 600	5 359 837	85 237
Debt Impairment		31 999 144	-	31 999 144	31 491 196	(507 948)
Bad Debts Written-off	C11	0	-	-	6 016 213	6 016 213
Collection Cost		1 500 000	-	1 500 000	778 590	(721 410)
Depreciation and Amortisation		22 735 518	-	22 735 518	24 948 555	2 213 037
Impairments/Write-Offs		0	-	-	187 896	187 896
Repairs and Maintenance	C12	28 640 350	5 948 707	34 589 057	0	(34 589 057)
Actuarial losses		0	-	-	2 396 195	2 396 195
Finance Charges	C13	15 317 550	(254 233)	15 063 317	23 642 757	8 579 440
Bulk Purchases	C14	89 748 020	11 457 463	101 205 483	104 253 188	3 047 705
Contracted services	C15	22 206 430	10 120 253	32 326 683	34 305 104	1 978 421

**BITOU MUNICIPALITY**  
**BUDGET COMPARISONS FOR THE YEAR ENDED 30 JUNE 2017**

	Ref.	ORIGINAL		FINAL		ACTUAL	
		BUDGET	ADJUSTMENTS	BUDGET	ACTUAL	VS	BUDGET
		R	R	R	R	R	R
Grants and Subsidies		3 631 670	600 000	4 231 670	4 000 000	(231 670)	
General Expenses	C16	104 553 399	7 085 954	111 639 353	99 100 863	(12 538 490)	
Loss on Disposal of PPE		0	-	-	2 126 172	2 126 172	
<b>Total Expenditure</b>		<b>521 238 376</b>	<b>29 153 556</b>	<b>550 391 932</b>	<b>528 499 824</b>	<b>(21 892 108)</b>	
Transfers recognised-operational							
<b>Net Surplus for the year</b>		<b>48 057 855</b>	<b>-1 359 977</b>	<b>46 697 878</b>	<b>88 444 798</b>	<b>41 746 920</b>	
<i>National Treasury Reporting Framework</i>							
<b>Revenue</b>							
Property rates		115 509 705	-2 192 289	113 317 416	112 556 121	-761 295	
Service charges		238 353 562	8 488 922	246 842 484	250 094 254	3 251 770	
Investment revenue		5 828 297	2 346 271	8 174 568	10 366 703	2 192 135	
Transfers recognised-operational		104 543 183	-6 287 898	98 255 285	100 363 103	2 107 818	
Other own revenue		48 101 484	107 573	48 209 057	61 759 551	13 550 494	
<b>Total Revenue (excluding capital transfers)</b>		<b>512 336 231</b>	<b>2 462 579</b>	<b>514 798 810</b>	<b>535 139 732</b>	<b>20 340 922</b>	
<b>Expenditure</b>							
Employee cost		195 309 495	(5 482 388)	189 827 107	189 893 260	66 153	
Remuneration of councillors		5 596 800	(322 200)	5 274 600	5 359 837	85 237	
Depreciation & asset impairment		22 735 518	-	22 735 518	24 948 555	2 213 037	
Finance charges		15 317 550	(254 233)	15 063 317	23 642 757	8 579 440	
Transfers and grants		3 631 670	600 000	4 231 670	4 000 000	(231 670)	
Other expenditure		278 647 343	34 612 377	313 259 720	280 655 416	(32 604 304)	
<b>Total Expenditure</b>		<b>521 238 376</b>	<b>29 153 556</b>	<b>550 391 932</b>	<b>528 499 824</b>	<b>(21 892 108)</b>	
<b>Surplus</b>		<b>(8 902 145)</b>	<b>(26 690 977)</b>	<b>(35 593 122)</b>	<b>6 639 908</b>	<b>42 233 030</b>	
Transfers recognised-capital		56 960 000	25 331 000	82 291 000	81 804 891	(486 109)	
<b>Surplus for the year</b>		<b>48 058 855</b>	<b>(1 360 977)</b>	<b>46 697 878</b>	<b>88 444 798</b>	<b>41 746 920</b>	
<b>CASH FLOW STATEMENT</b>							
Net Cash from Operating Activities	C17	85 702 000	(30 940 000)	54 762 000	117 567 049	62 805 049	
Net Cash from Investing Activities	C18	(115 251 000)	(31 958 000)	(147 209 000)	(120 520 136)	26 688 864	
Net Cash from Financing Activities	C19	7 944 000	6 287 000	14 231 000	8 045 396	(6 185 604)	
<b>Net increase/(decrease)in cash and cash equivalents</b>		<b>(21 604 000)</b>	<b>(56 611 000)</b>	<b>(78 216 000)</b>	<b>5 092 309</b>	<b>83 308 309</b>	
<b>OPERATING EXPENDITURE BY VOTE</b>							
Community Services		153 794 519	8 067 554	161 862 073	160 206 132	(1 655 941)	
Corporate Services		33 313 598	1 507 750	34 821 348	32 208 476	(2 612 872)	
Council		6 352 151	(116 711)	6 235 440	6 195 884	(39 556)	
Financial Services		76 690 181	865 804	77 555 985	47 454 036	(30 101 949)	
Strategic Services		31 609 760	1 386 814	32 996 574	30 440 288	(2 556 286)	
Office of the Municipal Manager		20 790 167	5 539 920	26 330 087	25 474 656	(855 431)	
Municipal Services and Infrastructure Development		243 689 356	11 902 425	255 591 781	238 012 562	(17 579 219)	
		<b>566 239 732</b>	<b>29 153 556</b>	<b>595 393 288</b>	<b>539 992 034</b>	<b>(55 401 254)</b>	

**BITOU MUNICIPALITY**  
**BUDGET COMPARISONS FOR THE YEAR ENDED 30 JUNE 2017**

	Ref.	ORIGINAL		FINAL		ACTUAL	
		BUDGET	ADJUSTMENTS	BUDGET	ACTUAL	VS	BUDGET
		R	R	R	R	R	R
<b>CAPITAL EXPENDITURE BY VOTE</b>							
Community Services	C20	18529032	12 442 958	30 971 990	27 861 473	3 110 517	
Corporate Services		1669000	110 000	1 779 000	1 771 368	7 632	
Council		0	-	-			
Financial Services		1510000	739 370	2 249 370	293 955	1 955 415	
Municipal Services and Infrastructure							
Development	C21	91651268	4 465 757	96 117 025	89 212 191	6 904 834	
Strategic Services		2705000	1 593 186	4 298 186	1 530 522	2 767 664	
		<b>116 064 300</b>	<b>19 351 271</b>	<b>135 415 571</b>	<b>120 669 508</b>	<b>14 746 063</b>	

*Refer to note 55 for explanations of material variances between the original budget and final budget.*

*Refer to note 56 for explanations of material variances between actual amounts and the final budget.*

*Material variances are considered as variances larger than R5.3 million*

## BITOU LOCAL MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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#### 1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

##### 1.1. BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible where the acquisition cost of an asset could not be determined.

##### 1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

##### 1.3. GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis.

##### 1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatement of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current

## BITOU LOCAL MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

#### 1.5 AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

#### 1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

#### 1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2013 to 30 June 2014. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included in the Notes to the Financial Statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

**BITOU LOCAL MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

**1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

GRAP 18 Segment Reporting is effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2016/17 financial year.

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

Standard	Description	Effective Date
<b>GRAP 18 (Original – Feb 2011)</b>	<p><b>Segment Reporting</b></p> <p>The objective of this Standard is to establish principles for reporting financial information by segments.</p> <p>No significant impact is expected as information to a large extent is already included in the appendices to the financial statements which do not form part of the audited financial statements.</p>	1 April 2015
<b>GRAP 20 (Original – June 2011)</b>	<p><b>Related Party Disclosure</b></p> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	Unknown
<b>GRAP 32 (Original – Aug 2013)</b>	<p><b>Service Concession Arrangements: Grantor</b></p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by a public sector entity as grantor.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	Unknown
<b>IGRAP 17</b>	<p><b><u>Service Concessions Arrangements Where a Grantor Controls a Significant Residual Interest in a Asset</u></b></p> <p>This interpretation of the Standards provides guidance to the grantor where it has entered into a service concession arrangement, but only controls a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease</p> <p>No such transactions or events are expected in the foreseeable future.</p>	Unknown

**BITOU LOCAL MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

<b>GRAP 108</b> <b>(Original – Sept 2013)</b>	<p><b>Statutory Receivables</b></p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy</p>	Unknown
<b>GRAP 109</b>	<p><b><u>Accounting by Principles and Agents</u></b></p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

## **1.9. RESERVES**

### **1.9.1 *Capital Replacement Reserve (CRR)***

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/ to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilized.

## **1.10. LEASES**

### **1.10.1 *Municipality as Lessee***

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the lower of the asset fair value and sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

## BITOU LOCAL MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### 1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

The same accounting principles will be applied with the recognition of unspent Public Contributions.

#### 1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant as set out in note 1.11 or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

## BITOU LOCAL MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

#### 1.13. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

#### 1.14. EMPLOYEE BENEFITS

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

##### 1.14.1 Post-Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – "Employee Benefits" (using a discount rate applicable to high quality government bonds). The plan is unfunded.

## BITOU LOCAL MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

#### 1.14.2 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

#### 1.14.3 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

#### 1.14.4 Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

## BITOU LOCAL MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

#### 1.14.5 Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

#### 1.14.6 Other Short-term Employee Benefits

When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

#### 1.15. BORROWING COSTS

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

The amount of borrowing costs that the Municipality capitalises during a period does not exceed the amount of borrowing costs it incurred during that period. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

#### 1.16. PROPERTY, PLANT AND EQUIPMENT

##### 1.16.1 *Initial Recognition*

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if,

## BITOU LOCAL MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

#### **1.16.2 *Subsequent Measurement – Cost Model***

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Apart from the Landfill site, Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

#### **1.16.3 *Depreciation and Impairment***

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

**BITOU LOCAL MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

Asset Class & Type	Expected Useful Life
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**Infrastructure**

Electricity reticulation	8-101
Refuse sites	5- 100
Roads, Pavements, Bridge,	6-100
Sewerage Purification	9-100
Water Reservoirs & reticulation	8-100

**Community Assets**

Cemeteries	10-100
Community Halls	5-100
Libraries	5-100
Sport grounds	5-100
Parks	5-100

**Land and Buildings**

Buildings	8-100
Land	Indefinite

**Other Assets**

Office Equipment	3-30
Other Land & Buildings	10-15
Other Motor Vehicles	4-30
Plant and Equipment	5-30
Security Measures	5-30
Specialised Vehicles	8-30

**Leased Assets**

Leased Assets	3-6
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## BITOU LOCAL MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

#### 1.16.4 *De-recognition*

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### 1.16.5 *Land and buildings and Other Assets – application of deemed cost (Directive 7)*

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009. For Other Assets, the depreciation cost method was used to establish the deemed cost as on 1 July 2008.

## 1.17. INTANGIBLE ASSETS

#### 1.17.1 *Initial Recognition*

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiable criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or
- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

## BITOU LOCAL MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

#### 1.17.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

#### 1.17.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight-line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

	<u>Years</u>
Computer Software	5-10

#### 1.17.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### 1.17.5 Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets, the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2008.

### 1.18. INVESTMENT PROPERTY

#### 1.18.1 Initial Recognition

Investment property is recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

## BITOU LOCAL MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

#### 1.18.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

#### 1.18.3 Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	30-120

#### 1.18.4 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### 1.18.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009

## BITOU LOCAL MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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#### 1.19 HERITAGE ASSETS

##### 1.19.1 Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

##### 1.19.2 Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

##### 1.19.3 Depreciation and Impairment

Heritage assets are not depreciated

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

##### 1.19.4 De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

##### 1.19.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009.

## BITOU LOCAL MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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#### 1.20. IMPAIRMENT OF NON-FINANCIAL ASSETS

##### 1.20.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

## BITOU LOCAL MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

#### 1.20.2 Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

## BITOU LOCAL MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit. The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

## BITOU LOCAL MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

#### 1.21. INVENTORIES

##### 1.21.1 Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

##### 1.21.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Fuel held for sale is measured annually at the reporting date by way of a dip reading.

Cost of land held for sale is assigned by using specific identification of their individual costs.

#### 1.22. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

## BITOU LOCAL MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

#### 1.22.1 Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

#### 1.22.2 Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

##### 1.22.2.1 Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

## BITOU LOCAL MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

#### 1.22.2.2 Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

#### 1.22.2.3 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

#### 1.22.2.4 Non-Current Investments

Investments which include investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

#### 1.22.3 De-recognition of Financial Instruments

##### 1.22.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

#### 1.22.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

#### 1.22.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### 1.23 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

#### 1.23.1 Initial Recognition

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

#### 1.23.2 Measurement

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised.

## BITOU LOCAL MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

#### 1.23.3 Derecognition

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:
  - (i) derecognise the receivable; and
  - (ii) recognise separately any rights and obligations created or retained in the transfer.

#### 1.24. REVENUE

##### 1.24.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

## BITOU LOCAL MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable.

Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account may be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

#### 1.24.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

#### 1.25 TRANSFER OF FUNCTION (Municipality as the acquirer)

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

- (a) identifying the acquirer (Municipality);
- (b) determining the acquisition date;
- (c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- (d) recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

#### 1.26 RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person's family is related to the Municipality if that person:
  - has control or joint control over the Municipality.
  - has significant influence over the Municipality. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
  - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
- both entities are joint ventures of the same third party.
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

## BITOU LOCAL MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

#### 1.27. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### 1.28. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### 1.29. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### 1.30. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

#### 1.31. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

##### 1.31.1 Post-retirement medical obligations and, Long service awards

The cost of post-retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 4 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

##### 1.31.2 Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

##### 1.31.3 Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

## BITOU LOCAL MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

#### 1.31.4 Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

#### 1.31.5 Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuators to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

#### 1.31.6 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

#### 1.31.7 Revenue Recognition

Accounting Policy 1.24.2 on Revenue from Non-Exchange Transactions and Accounting Policy 1.24.1 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses have been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

#### 1.31.8 Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are recognised in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

#### 1.31.9 Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

#### 1.31.10 Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end that is still unused. The actual pre-paid electricity sold per day for the last 5 days during the year under review is used as the estimate for calculating unused units

#### 1.31.11 Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

#### 1.31.12 Provision for Clearing of Alien Vegetation

The Economic entity has an obligation to clear alien vegetation. The provision represents the present cost to clear the alien vegetation. This was based on the current clearing cost per hectare and the total size of the land to be cleared.

#### 1.32. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

#### 1.33. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

#### 1.34. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

#### 1.35. TAXATION

##### 1.35.1 Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

##### 1.35.2 Deferred tax assets and liabilities

Deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

#### 1.35.3 Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus/deficit for the period.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity

	NET ASSET RESERVES	2017 R	2016 R
	Capital Replacement Reserve	83 000 000	65 000 000
		<u>83 000 000</u>	<u>65 000 000</u>
3	LONG-TERM LIABILITIES		
	Annuity Loans - At amortised cost	146 561 708	137 041 340
	Capitalised Lease Liability - At amortised cost	1 962 703	3 748 200
		<u>148 524 403</u>	<u>140 789 540</u>
	Current Portion transferred to Current Liabilities	(18 536 418)	(16 553 730)
	Annuity Loans - At amortised cost	(16 573 715)	(14 768 233)
	Capitalised Lease Liability - At amortised cost	(1 962 703)	(1 785 497)
		<u>129 987 984</u>	<u>124 235 810</u>

**Total Long-term Liabilities - At amortised cost using the effective interest rate method**

For detail of the carrying amounts of the loans - see Appendix A

Refer below for maturity dates of long term liabilities:

The obligations under annuity loans are scheduled below:

	Minimum annuity payments
Amounts payable under annuity loans:	
Payable within one year	32 002 256
Payable within two to five years	115 302 279
Payable after five years	74 537 041
	<u>221 841 576</u>
<b>Less:</b> Future finance obligations	<b>(75 279 876)</b>
<b>Present value of annuity obligations</b>	<b>146 561 700</b>
	<u>137 041 340</u>

#### Development Bank Loans

Various structured loans have been taken up with DBSA, with an original value totalling R 75.300 million. One of the DBSA loans has a repayment period of 10 years maturing on 30/06/2017 paid with equal instalments. All other loans are paid 6 monthly on a "Fixed capital plus Interest" basis over a period which varies between 15-20 years with a maturity date ranging from 31/12/2019 - 31/12/2029 respectively. Interest rates applicable on all loans vary from 9.00% to 12.00%. Apart from the below mentioned loans, all other loans are unsecured.

A non current investment to establish a Sinking Fund, amounted to R 5.244 million was re-invested with Nedbank Ltd to serve as a contractual collateral on loan accounts WC 13665 and WC 100225 from Development Bank of Southern Africa

#### Standard Bank

Nine loans originally amounting to a total of R 99.890 million had been taken up from Standard bank. These loans will be paid back 6 monthly on a "fixed capital plus interest" basis over a period which varies between 5 and 10 years, with maturity dates from 30/06/2017 to 30/06/2023 respectively. Interest rates applicable to these loans varying between 10.00% and 11.45% respectively. The loans are unsecured.

#### Nedbank

A loan of R10 000,000 has been taken up from Nedbank. This loan will be paid monthly on equal instalments based on a fixed interest rate over a ten year period with maturity date of 30/06/2025. Interest rate applicable to this loan amounts to 11.81%. The loan is unsecured.

#### Absa

An existing loan of R 20.000 million and a new loan amounting to R24.998 have been taken up from ABSA. The loans will be paid 6 monthly on equal instalments based on a fixed interest rate over a ten year period with maturity date of 30/06/2026 and 30/06/2027 respectively. Interest rates applicable to these loans varying between 10.04% and 10.36% respectively. These loans is unsecured.

The fair value of Long- Term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

The obligations under finance leases are scheduled below:

	Minimum lease payments
Amounts payable under finance leases:	
Payable within one year	2 065 160
Payable within two to five years	2 065 160
Payable after five years	2 065 160
	<u>2 065 160</u>
<b>Less:</b> Future finance obligations	<b>(102 457)</b>
<b>Present value of lease obligations</b>	<b>1 962 703</b>
	<u>3 748 200</u>

Leases are secured by property, plant and equipment - Note 13

The municipality has entered into lease agreements with Avis for motor vehicle rentals. The rental periods are for 36 months, starting 1 July 2015. Rental instalments are payable monthly. No escalation is applicable.

		2017 R	2016 R
<b>4 EMPLOYEE BENEFITS</b>			
Post Retirement Benefits - Refer to Note 4.1		92 364 644	86 575 573
Long Service Awards - Refer to Note 4.2		5 266 040	3 096 380
<b>Total Non-current Employee Benefit Liabilities</b>		<b>97 630 685</b>	<b>89 671 953</b>

**Post Retirement Benefits**

Balance 1 July	87 764 161	81 064 966
Contribution for the year	15 778 438	13 467 612
Expenditure for the year	(1 310 493)	(1 137 783)
Actuarial Loss/(Gain)	(8 461 659)	(5 630 634)
<b>Total post retirement benefits 30 June</b>	<b>93 770 446</b>	<b>87 764 161</b>
<b>Less:</b> Transfer of Current Portion - Note 7	<b>(1 405 802)</b>	<b>(1 188 588)</b>
<b>Balance 30 June</b>	<b>92 364 644</b>	<b>86 575 573</b>

**Long Service Awards**

Balance 1 July.	3 378 046	3 185 513
Contribution for the year.	664 360	589 277
Expenditure for the year.	(373 447)	(740 483)
Actuarial Loss/(Gain)	2 396 195	343 739
<b>Total long service 30 June</b>	<b>6 065 154</b>	<b>3 378 046</b>
<b>Less:</b> Transfer of Current Portion - Note 7	<b>(799 114)</b>	<b>(281 666)</b>
<b>Balance 30 June</b>	<b>5 266 040</b>	<b>3 096 380</b>

**TOTAL NON-CURRENT EMPLOYEE BENEFITS**

Balance 1 July	91 142 207	84 250 480
Contribution for the year	16 442 798	14 056 889
Expenditure for the year	(1 683 940)	(1 878 266)
Actuarial Gain/(Loss)	(6 065 464)	(5 286 895)
<b>Total employee benefits 30 June</b>	<b>99 835 601</b>	<b>94 142 207</b>
<b>Less:</b> Transfer of Current Portion - Note 7	<b>(2 204 916)</b>	<b>(1 470 254)</b>
<b>Balance 30 June</b>	<b>97 630 685</b>	<b>89 671 953</b>

**4.1 Post Retirement Benefits**

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	467	415
In-service (employee)- non members	47	37
Continuation members (e.g. Retirees, widows, orphans)	36	36
<b>Total Members</b>	<b>550</b>	<b>488</b>

The liability in respect of past service has been estimated to be as follows:

In-service members	72 511 038	68 218 893
In-service non-members	3 009 265	2 450 618
Continuation members	18 250 143	17 094 650
<b>Total Liability-unfunded</b>	<b>93 770 446</b>	<b>87 764 161</b>

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2015	2014 R	2013 R
In-service members	64 884 127	55 890 289	46 655 013
In-service non-members	16 180 839	15 203 669	12 467 444
<b>Total Liability</b>	<b>81 064 966</b>	<b>71 093 958</b>	<b>59 122 457</b>

	2017	2016	2015	2014
	(Rm)	(Rm)	(Rm)	(Rm)
Experience adjustments were calculated as follows	4.979	-5.316	-0.912	-2.756
Liabilities (Gain)/loss	4.979	-5.316	-0.912	-2.756

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonita's;  
LA Health  
Samwu  
Keyhealth.  
Hosmed

## EMPLOYEE BENEFITS (CONTINUE)

Key actuarial assumptions used:

### i) Rate of interest

	2017 %	2016 %
Discount rate	9.99	9.27
Health Care Cost Inflation Rate	8.27	8.38
Net Effective Discount Rate	1.59	0.82

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

### ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.  
The SA 85-90 table was used by the actuaries for current employees

### iii) Normal retirement age

It has been assumed that in-service members will retire at an average age of 57, which then implicitly allows for expected rates of early and ill-health retirement.

	2017 R	2016 R
The amount recognised in the Statement of Financial Position is as follow:		
Present value of fund obligations	93 770 446	87 764 161
<b>Net liability-unfunded</b>	<b>93 770 446</b>	<b>87 764 161</b>

### Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year		87 764 161	81 064 966
Total expenses		14 467 944	12 329 829
Current service cost	(Included in Employee Cost in the Statement of Financial Performance)	7 696 513	6 140 860
Interest Cost	(Included in Finance Charges in the Statement of Financial Performance)	8 081 925	7 326 752
Benefits Paid		(1 310 493)	(1 137 783)
Actuarial Gain/(Losses)		(8 461 659)	(5 630 634)
Present value of fund obligation at the end of the year		93 770 446	87 764 161
<u>Less:</u> Transfer of Current Portion - Note 7		(1 405 802)	(1 188 588)
<b>Balance 30 June</b>		<b>92 364 644</b>	<b>86 575 573</b>

### Sensitivity Analysis on the Accrued Liability in (R millions)

Assumption		In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions		75.520	18.250	93.770	

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	90.250	20.255	110.505	18
Health care inflation	-1%	63.787	16.547	80.334	(14)
Discount Rate	1%	64.045	16.586	80.631	(14)
Discount Rate	-1%	90.140	20.241	110.381	18
Post-retirement mortality	-1 year	77.676	18.922	96.598	3
Average retirement age	-1 year	82.949	18.250	101.199	8
Membership after retirement	-10%	67.703	18.250	85.953	(8)

Assumption	Change	Current service Cost (R)	Interest Cost (R)	Total	% change
Central Assumption		7 696 500	8 081 900	15 778 400	
Health care inflation	1%	9 495 500	9 562 000	19 057 500	21
Health care inflation	-1%	9 495 500	9 562 000	19 057 500	21
Discount rate	1%	6 377 400	7 661 200	14 038 600	(11)
Discount rate	-1%	9 411 100	8 532 400	17 943 500	14
Post-retirement mortality	-1 year	7 933 400	8 352 800	16 286 200	3
Average retirement age	-1 year	8 395 400	8 577 100	16 972 500	8
Withdrawal Rate	50%	6 893 100	7 398 600	14 291 700	(9)

		2017	2016
		R	R
<b>4.2 Long Service Bonuses</b>		<b>514</b>	<b>452</b>

	2017	2016
	%	%
Key actuarial assumptions used:		
<b>i) Rate of interest</b>		
Discount rate	8.34	8.48
General Salary Inflation (long-term)	6.15	7.14
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.05	1.25

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

	2017	2016
	R	R
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
Present value of fund obligations	6 065 154	3 378 046
<b>Net liability-unfunded</b>	<b>6 065 154</b>	<b>3 378 046</b>

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2015	2014	2013
	R	R	R
<b>Total Liability-unfunded</b>	<b>3 185 513</b>	<b>3 083 706</b>	<b>3 250 052</b>

	2017	2016	2015	2014
Experience adjustments were calculated as follows				
Liabilities (Gain)/loss	2 581 119	107 734	50 941	261 278

**Reconciliation of present value of fund obligation:**

Present value of fund obligation at the beginning of the year	3 378 046	3 185 513
Total expenses	290 913	(151 206)
Current service cost	389 726	351 149
Interest Cost	274 634	238 128
Benefits Paid	(373 447)	(740 483)
Actuarial Losses/(Gain)	2 396 195	343 739
Present value of fund obligation at the end of the year	6 065 154	3 378 046
<b>Less:</b> Transfer of Current Portion - Note 7	<b>(799 114)</b>	<b>(281 666)</b>
<b>Balance 30 June</b>	<b>5 266 040</b>	<b>3 096 380</b>

**Sensitivity Analysis on the Unfunded Accrued Liability (in R Millions)**

Assumption		Change	Liability (R)	% change
Central assumptions			6 065	
General salary inflation	1%	6 400	6	
General salary inflation	-1%	5 759	(5)	
Discount rate	1%	5 741	(5)	
Discount rate	-1%	6 426	6	
Average retirement age	-2yrs	5 160	(15)	
Average retirement age	2yrs	7 173	18	
Withdrawal rates	-50%	7 398	22	

**4.3 Retirement funds**

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans.

**CAPE JOINT PENSION FUND**

The contribution rate payable is 9.00% by members and 26.77% by Council. The last actuarial valuation performed for the year ended 30 June 2015 revealed that the fund has a funding level of 101.40% (30 June 2014 -106.20%).

	2017	2016
	R	R
Contributions paid recognised in the Statement of Financial Performance	151 709	184 106

**CAPE RETIREMENT FUND**

The contribution rate payable is 9.00% by members and 18.00% by Council. The last actuarial valuation performed for the year ended 30 June 2015 revealed that the fund is in a sound financial position with a funding level of 112.10 %.

Contributions paid recognised in the Statement of Financial Performance	15 090 352	12 742 409
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**DEFINED CONTRIBUTION FUNDS**

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit funds are subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance	726 846	502 709
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**5 NON-CURRENT PROVISIONS**

Provision for Rehabilitation of Landfill-sites

Total Non-current Provisions

	2017	2016
	R	R
	-	-
	-	-
	-	-

**Landfill Sites**

Balance 1 July..	15 391 540	13 672 613
Unwinding of discounted interest	252 853	1 718 927
Additions		
Expenditure for the year..	(1 091 057)	
<b>Total provision 30 June</b>	<b>14 553 336</b>	<b>15 391 540</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 8	<b>(14 553 336)</b>	<b>(15 391 540)</b>
<b>Balance 30 June</b>	<b>-</b>	<b>-</b>

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the site is as follows:

Decommission date	2016
Cost of rehabilitation	14 553 336

**6 CONSUMER DEPOSITS**

Electricity and Water	6 224 457	5 913 923
<b>Total Consumer Deposits</b>	<b>6 224 457</b>	<b>5 913 923</b>
	246 125	246 125

**Guarantees held in lieu of Electricity and Water Deposits**

Consumer deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, Council utilizes the deposit as payment for the outstanding account.

No interest is paid on consumer deposits held.

Management of the municipality is of the opinion that the carrying value of Consumer Deposits approximate their fair values.

The fair value of Consumer Deposits was determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

**7 CURRENT EMPLOYEE BENEFITS**

Current Portion of Post Retirement Benefits - Note 4	2017	2016
Current Portion of Long-Service Provisions - Note 4	R	R
Staff Leave	1 405 802	1 188 588
Bonuses	799 114	281 636
Performance Bonus	15 715 554	13 253 781
	4 197 603	3 779 744
	563 836	215 098
<b>Total Current Employee Benefits</b>	<b>22 681 908</b>	<b>18 718 877</b>

The movement in current employee benefits are reconciled as follows:

<u>Staff Leave</u>	2017	2016
	R	R
Balance at beginning of year	13 253 781	11 257 502
Contribution to current portion	4 874 973	3 427 631
Expenditure incurred	(2 413 200)	(1 431 352)
Balance at end of year	<u>15 715 554</u>	<u>13 253 781</u>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

#### Bonuses.

Balance at beginning of year.	3 779 744	2 989 990
Contribution to current portion.	7 341 132	7 073 477
Expenditure incurred.	(6 923 273)	(6 283 723)
Balance at end of year	<u>4 197 603</u>	<u>3 779 744</u>

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

#### Performance Bonus

Balance at beginning of year..	215 098	-
Contribution to current portion..	348 738	215 098
Expenditure incurred..	-	-
Balance at end of year	<u>563 836</u>	<u>215 098</u>

#### 8 PROVISIONS

Current Portion of Rehabilitation of Landfill-site -Note 5	14 553 336	15 391 540
Total Provisions	<u>14 553 336</u>	<u>15 391 540</u>

#### 9 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	50 431 350	28 308 459
Pre-paid electricity	382 722	319 956
Other Creditors	1 300 913	1 036 146
Payments received in advance	8 559 172	8 462 822
Retentions	7 112 412	6 886 339
<b>Total Trade Payables</b>	<b>67 786 568</b>	<b>45 013 723</b>

Payables are being recognised net of any discounts.

The average credit period on purchases is 30 days from the receipt of the invoice (as determined by the MFMA). No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

Other creditors mainly comprise deposits received towards services to be rendered to the municipality and unallocated banking deposits made on the municipality's banking accounts. No interest is raised and the credits held by the municipality are refunded once the services have been rendered or applied to the service account once the origin of the credit has been established.

Management of the municipality is of the opinion that the carrying value of Creditors approximate their fair values.

The fair value of Creditors were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

All payables are unsecured.

#### 10 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

	2017	2016
	R	R
Unspent Grants	2 461 792	9 747 606
Provincial and Government Grants	<u>2 461 792</u>	<u>9 747 606</u>
Less: Unpaid Grants	14 480 577	-
National Government Grants	<u>14 480 577</u>	<u>-</u>
Total Conditional Grants and Receipts	<u>(12 018 784)</u>	<u>9 747 606</u>

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

	2017	2016
	R	R
Social responsibility		104 051
SASSA	(0)	(603 466)
Fire Disaster	272 196	
Total Unspent Public Contributions	272 196	(499 415)

Reconciliation of public contributions

Opening balance	(499 414)	104 052
Contributions received	2 003 104	-
Conditions met - Transferred to revenue	(1 127 442)	(603 466)
Closing balance	376 248	(499 414)

12 TAXES

VAT RECEIVABLE

VAT Payable	(12 381 181)	(6 154 253)
VAT Receivable	16 679 094	11 046 910
Total VAT receivable	4 297 914	4 892 657
<b>NET VAT RECEIVABLE/(PAYABLE)</b>	<b>4 297 914</b>	<b>4 892 657</b>

VAT is receivable/payable on the cash basis.

13 PROPERTY, PLANT AND EQUIPMENT

See attached sheet

Accumulated Depreciation and Impairment Losses      **Carrying Value**

Cost

conciliation of carrying values

Carrying

Carrying Value																		
Related Opening Balances		Under Construction		Write-offs/De-recognitions		Disposals		Closing Balance		Opening Balance		Corrections		Restated Opening Balances				
Opening Balance	Corrections	R	Additions	R	Under Construction	R	Write-offs/De-recognitions	R	Disposals	R	Opening Balance	R	Corrections	R	Depreciation	R		
308,352,682	-	308,352,682	227,755,051	2,187,389	-	-	311,296,022	28,675,770	-	26,079,770	317,196	-	26,996,974	7,874,905	7,874,905	34,874,870		
257,070,002	-	257,070,002	19,202,052	2,187,380	-	-	275,070,045	20,679,770	-	20,679,770	317,195	-	20,950,074	7,050,481	7,050,481	26,810,504		
50,570,500	-	50,570,500	55,474,025	21,246,403	-	-	51,177,052	745,654,548	155,609,361	-	155,609,342	21,547,702	2,589,963	17,135,014	171,522,505	-	171,522,505	
670,111,081	-	670,111,081	55,474,025	21,246,403	-	-	138,062,846	248,469,294	52,380,091	-	52,380,081	402,118	57,423,555	57,423,555	-	57,423,555		
120,744,125	-	120,744,125	8,425,081	4,073,543	-	-	21,547,702	20,627,103	31,174,908	-	31,174,908	30,003,403	320,234	1,303,426	1,303,426	102,057,730		
213,585,402	-	213,585,402	31,540,492	2,943,792	-	-	35,640,713	2,689,673	2,689,673	-	2,689,673	50,054,673	4,385,200	33,807,900	33,807,900	21,483,877		
20,571,556	-	20,571,556	21,521,540	2,255,547	-	-	20,571,556	8,316,600	129,832,508	-	129,832,508	50,054,673	1,303,426	0,517,937	0,517,937	19,287,860		
119,886,488	-	119,886,488	110,908,488	5,066,225	-	-	195,121,377	4,219,158	7,948,623	-	7,948,623	37,202	135,146	1	135,146	1	135,145	
195,121,377	-	195,121,377	10,364	37,202	-	-	46,346,901	3,012,387	213,569	-	213,569	58,492,976	14,172,525	1,621,095	-	1,621,095	-	16,065,520
195,121,377	-	195,121,377	10,364	37,202	-	-	2,561,955	1,561,085	19,647,505	-	19,647,505	2,561,955	2,252,453	57,906	2,310,359	2,310,359	2,310,359	
18,729,714	-	18,729,714	684,143	233,598	-	-	20,230,572	3,050,244	23,389,815	-	23,389,815	6,945,000	6,045,000	7,940,351	7,940,351	15,741,404	15,741,404	
20,230,572	-	20,230,572	2,025,597	120,000	-	-	2,025,597	2,155,587	785,700	-	785,700	1,230,013	1,230,013	1,860,005	1,860,005	871,927	871,927	
2,155,587	-	2,155,587	2,155,587	120,000	-	-	2,155,587	2,738,013	1,750,931	-	1,750,931	1,643,776	888,518	-	-	1,643,776	2,700,632	
2,155,587	-	2,155,587	2,155,587	120,000	-	-	5,242,925	-	-	-	5,242,925	1,043,777	888,518	-	-	1,043,777	2,542,294	
2,155,587	-	2,155,587	10,364	37,202	-	-	5,242,925	-	-	-	5,242,925	1,043,777	888,518	-	-	1,043,777	2,542,294	
5,242,925	-	5,242,925	10,364	37,202	-	-	45,636,989	45,636,988	12,832,511	-	12,832,511	818,027	727,047	56,914,425	19,055,128	19,055,128	19,055,128	
45,636,989	-	45,636,989	45,636,988	12,832,511	-	-	371,50	611,473	18,107,191	-	18,107,191	7,615,934	7,615,934	1,704,456	282,792	355,917	1,704,456	
6,120,633	-	6,120,633	6,120,633	1,675,191	-	-	10,351	65,749	7,430,682	-	7,430,682	3,119,420	800,000	10,045,940	64,549	3,551,930	6,937,450	
6,120,633	-	6,120,633	6,120,633	1,675,191	-	-	15,935	921	3,076,031	-	3,076,031	3,076,031	9,121	442,470	442,470	554,042		
6,451,463	-	6,451,463	6,451,463	3,076,031	-	-	15,935	921	1,997,253	-	1,997,253	463,588	463,588	2,460,776	2,460,776	7,586,005		
15,935	-	15,935	15,935	3,076,031	-	-	15,935	921	5,745,269	-	5,745,269	1,024,050	1,024,050	7,396,005	7,396,005	12,844,520		
15,935	-	15,935	15,935	3,076,031	-	-	10,364	10,364	10,364	-	10,364	8,159	3,076,031	8,159	8,156	8,156		
10,364	-	10,364	10,364	37,202	-	-	45,636,989	45,636,988	12,832,511	-	12,832,511	818,027	727,047	56,914,425	19,055,128	19,055,128	19,055,128	
45,636,989	-	45,636,989	45,636,988	12,832,511	-	-	45,636,989	45,636,988	12,832,511	-	12,832,511	818,027	727,047	56,914,425	19,055,128	19,055,128	19,055,128	
17,113,118	-	17,113,118	17,113,118	1,675,191	-	-	1,675,191	1,675,191	1,675,191	-	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191		
6,120,633	-	6,120,633	6,120,633	1,675,191	-	-	1,675,191	1,675,191	1,675,191	-	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191		
6,451,463	-	6,451,463	6,451,463	1,675,191	-	-	1,675,191	1,675,191	1,675,191	-	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191		
15,935	-	15,935	15,935	1,675,191	-	-	15,935	921	1,675,191	-	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191		
15,935	-	15,935	15,935	1,675,191	-	-	15,935	921	1,675,191	-	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191		
15,935	-	15,935	15,935	1,675,191	-	-	15,935	921	1,675,191	-	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191		
15,935	-	15,935	15,935	1,675,191	-	-	15,935	921	1,675,191	-	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191		
15,935	-	15,935	15,935	1,675,191	-	-	15,935	921	1,675,191	-	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191		
15,935	-	15,935	15,935	1,675,191	-	-	15,935	921	1,675,191	-	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191		
15,935	-	15,935	15,935	1,675,191	-	-	15,935	921	1,675,191	-	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191		
15,935	-	15,935	15,935	1,675,191	-	-	15,935	921	1,675,191	-	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191		
15,935	-	15,935	15,935	1,675,191	-	-	15,935	921	1,675,191	-	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191		
15,935	-	15,935	15,935	1,675,191	-	-	15,935	921	1,675,191	-	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191		
15,935	-	15,935	15,935	1,675,191	-	-	15,935	921	1,675,191	-	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191		
15,935	-	15,935	15,935	1,675,191	-	-	15,935	921	1,675,191	-	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191		
15,935	-	15,935	15,935	1,675,191	-	-	15,935	921	1,675,191	-	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191		
15,935	-	15,935	15,935	1,675,191	-	-	15,935	921	1,675,191	-	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191		
15,935	-	15,935	15,935	1,675,191	-	-	15,935	921	1,675,191	-	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191		
15,935	-	15,935	15,935	1,675,191	-	-	15,935	921	1,675,191	-	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191		
15,935	-	15,935	15,935	1,675,191	-	-	15,935	921	1,675,191	-	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191		
15,935	-	15,935	15,935	1,675,191	-	-	15,935	921	1,675,191	-	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191		
15,935	-	15,935	15,935	1,675,191	-	-	15,935	921	1,675,191	-	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191		
15,935	-	15,935	15,935	1,675,191	-	-	15,935	921	1,675,191	-	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191		
15,935	-	15,935	15,935	1,675,191	-	-	15,935	921	1,675,191	-	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191		
15,935	-	15,935	15,935	1,675,191	-	-	15,935	921	1,675,191	-	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191		
15,935	-	15,935	15,935	1,675,191	-	-	15,935	921	1,675,191	-	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191		
15,935	-	15,935	15,935	1,675,191	-	-	15,935	921	1,675,191	-	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191		
15,935	-	15,935	15,935	1,675,191	-	-	15,935	921	1,675,191	-	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191		
15,935	-	15,935	15,935	1,675,191	-	-	15,935	921	1,675,191	-	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191		
15,935	-	15,935	15,935	1,675,191	-	-	15,935	921	1,675,191	-	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191		
15,935	-	15,935	15,935	1,675,191	-	-	15,935	921	1,675,191	-	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191		
15,935	-	15,935	15,935	1,675,191	-	-	15,935	921	1,675,191	-	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191		
15,935	-	15,935	15,935	1,675,191	-	-	15,935	921	1,675,191	-	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191		
15,935	-	15,935	15,935	1,675,191	-	-	15,935	921	1,675,191	-	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191	1,675,191		
15,935	-	15,935	15,935	1,675,191	-	-	15,935	921										

		2017 R	2016 R
13	<b>Assets pledged as security:</b>		
13.1	All the assets (Vehicles and Photostat Machines) which are obtained by financial leases are pledged as security. The total carrying amount of these assets :	2 700 631	3 599 149
13.2	<b>Impairment of property, plant and equipment for the year</b> Impairment charges on Property, Plant and Equipment recognised in the Statement of Financial Performance		
13.3	<b>Capital commitments</b> Capital commitments applicable- see note 45	12 741 388	47 337 675
13.4	<b>Effect of change in accounting estimates</b> Change in estimates in terms of GRAP 3 The useful life's of the following assets were adjusted for further periods. The changes remains the same for the next two years		
	Depreciation after adjustments		
	Office equipment	-	231 494.52
	Other Land and Buildings	159 716	-
	Other Motor Vehicles	925 017	12 167.39
	Plant & equipment	63 444	8 848.80
	Security Measures	18 729	205.73
	Cemetery	3 961	5 300
	Community Halls	4 322	13 946
	Electricity Reticulation	135	19 128
	Parks	3 702	7 792
	Roads Pavements Bridges & Stormwater	4 972	99 985
	Sewerage Purification & Reticulation	-	123 339
	Sports Ground	2 548	11 671
	Water Reservoirs & Reticulation	16 597	134 782
		<b>1 203 142</b>	<b>668 660</b>
	Depreciation before adjustments		
	Office equipment	248 016	379 334.65
	Other Land and Buildings	-	
	Other Motor Vehicles	1 682 677	20 796.51
	Plant & equipment	101 103	16 932.96
	Security Measures	26 601	351.63
	Cemetery	5 300	21 095.77
	Community Halls	5 784	39 773.04
	Electricity Reticulation	181	47 543.96
	Parks	4 954	25 558.96
	Roads Pavements Bridges & Stormwater	8 493	216 074.79
	Sewerage Purification & Reticulation	-	245 716.20
	Sports Ground	3 411	32 108
	Water Reservoirs & Reticulation	22 209	326 370
		<b>2 108 728</b>	<b>1 371 657</b>
13.5	<b>Property, Plant and Equipment which is in the process of being constructed or developed</b>		
	<b>Infrastructure Assets</b>	8 001 039	
	Electricity Reticulation	866 223	
	Roads, Pavements, Bridges & Storm water	99 991	
	Sewerage Purification & Reticulation	2 853 535	
	Water Reservoirs & Reticulation	4 181 290	
	<b>Community Assets</b>	233 587	
	Libraries	233 587	
	<b>Other Assets</b>	1 594 870	
	<b>Total Property, Plant and Equipment under construction</b>	<b>9 829 496</b>	
13.6	<b>Property, Plant and Equipment that is taking a significantly longer period of time to complete as expected :</b>		
	<b>Infrastructure Assets</b>	34 049 382	
	Electricity Reticulation	14 826 709	
	Roads, Pavements, Bridges & Storm water	4 801 893	
	Sewerage Purification & Reticulation	7 316 315	
	Water Reservoirs & Reticulation	6 969 319	
	Other	135 145	
	<b>Community Assets</b>	20 520	
	Sports Grounds	20 520	
	<b>Other Assets</b>	1 751 825	
	<b>Total</b>	<b>35 821 727</b>	
	<b>Reasons for the delays :</b>		
	- Budgeting/Funding Constraints		
	- Delays with EIA Approvals		
	- Building Control Appeal		
	- Delay with materials ordered from overseas		

13.7	Property, Plant and Equipment where construction or development has been halted: halted	2017 R	2016 R
	<b>Infrastructure Assets</b>		51750
	Electricity Reticulation		-
	Roads, Pavements, Bridges & Storm water	51 750	-
	Sewerage Purification & Reticulation	-	-
	Water Reservoirs & Reticulation	-	-
	Other	-	-
	<b>Community Assets</b>		-
	<b>Other Assets</b>		-
	<b>Total</b>	<b>51 750</b>	
	<b>Total Work in progress</b>		<b>45 702 972</b>
	<b>Reason for the halt</b>		
	Litigation matter relating to the Small Boat Harbour		
13.8	<b>Expenditure incurred to repair and maintain Property, Plant and Equipment:</b>		
	Employee related costs	5 363 562	
	Other materials	7 937 197	
	Contracted Services	11 721 857	
	Other Expenditure	1 046 106	
	<b>Total Repairs and Maintenance</b>	<b>26 068 721</b>	
14			
14.1	<b>INVESTMENT PROPERTY</b>		
	<b>Net Carrying amount at 1 July</b>	<b>55 453 363</b>	<b>54 831 381</b>
	Cost	56 565 759	56 565 759
	Accumulated Depreciation	(1 109 396)	(1 731 378)
	Accumulated Impairments	(3 000)	(3 000)
	Depreciation for the year	(538)	621 982
	Impairments for the year		
	<b>Net Carrying amount at 30 June</b>	<b>55 452 825</b>	<b>55 453 363</b>
	Cost	56 565 759	56 565 759
	Accumulated Depreciation	(1 109 934)	(1 109 396)
	Accumulated Impairments	(3 000)	(3 000)
14.2	<b>Change in estimates in terms of GRAP 3</b>		
	The useful life's of properties were adjusted for further periods		
	Depreciation after adjustments		-
	Depreciation before adjustments		-
	There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.		
14.3			
	There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.		
14.4			
14.5	<b>Revenue derived from the rental of investment property</b>	<b>289 809</b>	<b>361 808</b>
15	<b>INTANGIBLE ASSETS</b>		
15.1	<b>Computer Software</b>		
	<b>Net Carrying amount at 1 July</b>	<b>369 804</b>	<b>481 021</b>
	Cost	715 880	876 263
	Accumulated Amortisation	(346 076)	(395 242)
	Disposals	0	(37 934)
	Additions	37 167	50 000
	Amortisation (Included in Depreciation and Amortisation in the Statement of Financial Performance)	(90 848)	(123 283)
	<b>Net Carrying amount at 30 June</b>	<b>316 123</b>	<b>369 804</b>
	Cost	753 047	888 329
	Accumulated Amortisation	(436 925)	(518 525)

No intangible asset has an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

		2017 R	2016 R
15.2	Change in estimates in terms of GRAP 3 The useful life's of assets were adjusted for further periods		
	Amortisation after adjustments	1 960	22 026
	Amortisation before adjustments	2 623	56 329
15.3	Research and Development Costs:		
16	HERITAGE ASSETS		
16.1	Net Carrying amount at 1 July	35 193	35 193
	Cost	35 193	35 193
	Accumulated Impairment	-	-
	Acquisitions	-	-
	Disposals	-	-
	Impairments	-	-
	Reversal of Impairment losses	-	-
	Transfers from Property, Plant and equipment	-	-
	Net Carrying amount at 30 June	35 193	35 193
	Cost	35 193	35 193
	Accumulated Impairment	-	-
	Heritage Assets consist of historical land and the Mayoral chain.		
	The assets were measured at cost.		
	There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.		
	There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.		
	There are no Heritage Assets pledged as security for liabilities		
17	NON CURRENT INVESTMENTS		
	Total Non- Current Investments		
	Fixed Deposits	6 102 365	5 352 171
	Total Current Investments	6 102 365	5 352 171
	A non-current investment to establish a Sinking Fund, amounted to R5,243,673.32 was re-invested with Nedbank Ltd to serve as a contractual collateral on loan accounts WC 13665 and WC 100225 from Development Bank of Southern Africa		
	Interest accrued on the investment is capitalized annually .		
18	LONG-TERM RECEIVABLES		
	Housing selling scheme loans	15 170	18 576
	Less : Current portion transferred to current receivables	(3 921)	(3 407)
	Total Long- Term Receivables	11 248	15 169
	Prior to the effect of the provisions of section 164(1)(c) of the MFMA (Act 56 of 2003) on 1 July 2004, loans were granted to qualifying senior staff members to enable them to acquire a house. The house should be occupied by the staff member and should be the primary home of the staff member. The repayment period of these loans and the applicable interest rate is a maximum of 20 years and eight percent per annum, respectively.		
	The repayments applicable, are levied with the monthly consumer accounts, and outstanding amounts of these accounts are reflected as part of the outstanding receivables from exchange transactions.		
	The terms granted to these loans have not been more favourable than would be expected in market terms		
19	INVENTORY		
	Consumables - At cost	R	R
	Water – at cost	7 670 180	5 107 828
		148 655	112 966
	Total Inventory	7 818 835	5 220 794
	Consumable stores materials written down due to losses as identified during the annual stores counts.		
	Consumable stores materials surpluses identified during the annual stores counts.		
	Inventory recognised as an expense during the year		
	No inventory assets were pledged as security for liabilities.		

As at 30 June 2017

Service Receivables

Electricity

Water

Sewerage

Sundries

Refuse Removal

Housing Rentals

Total

Gross Balances	Provision for Impairment	Nett Balances
94 987 760	62 173 434	32 814 326
17 673 418	3 253 205	14 420 213
29 581 789	21 923 300	7 658 489
25 107 001	21 080 251	4 026 750
6 130 815	2 098 576	4 032 239
16 494 737	13 818 102	2 676 634
837 072	721 560	115 512
<b>95 824 832</b>	<b>62 894 994</b>	<b>32 929 838</b>

As at 30 June 2016

Service Receivables

Electricity

Water

Sewerage

Sundries

Refuse Removal

Housing Rentals

Total

77 605 636	48 062 517	29 543 119
16 570 386	3 682 602	12 887 784
23 077 215	16 566 204	6 511 012
19 182 177	15 789 703	3 392 474
5 469 834	918 224	4 551 610
13 306 024	11 105 785	2 200 239
770 414	647 023	123 391
<b>78 376 050</b>	<b>48 709 539</b>	<b>29 666 510</b>

Ageing of Receivables from Exchange Transactions:

**(Electricity): Ageing**

Current (0 - 30 days)

31 - 60 Days

61 - 90 Days

+ 90 Days

Total

2017	2016
R	R
10 269 652	11 604 174
1 377 073	581 511
572 222	370 002
5 454 472	4 014 699
<b>17 673 418</b>	<b>16 570 386</b>

**(Water): Ageing**

Current (0 - 30 days)

31 - 60 Days

61 - 90 Days

+ 90 Days

Total

4 948 105	5 526 383
1 619 515	845 316
1 087 754	569 030
21 926 416	16 136 486
<b>29 581 789</b>	<b>23 077 215</b>

**(Sewerage): Ageing**

Current (0 - 30 days)

31 - 60 Days

61 - 90 Days

+ 90 Days

Total

3 684 782	3 517 903
1 033 701	519 950
862 875	463 297
19 525 643	14 681 027
<b>25 107 001</b>	<b>19 182 177</b>

**(Sundries): Ageing**

Current (0 - 30 days)

31 - 60 Days

61 - 90 Days

+ 90 Days

Total

963 889	834 827
131 605	170 201
1 147 366	209 787
3 887 955	4 255 019
<b>6 130 815</b>	<b>5 469 834</b>

**(Refuse): Ageing**

Current (0 - 30 days)

31 - 60 Days

61 - 90 Days

+ 90 Days

Total

2 678 735	2 553 748
619 302	330 853
520 685	303 992
12 676 015	10 117 431
<b>16 494 737</b>	<b>13 306 024</b>

**(Housing): Ageing**

Current (0 - 30 days)

31 - 60 Days

61 - 90 Days

+ 90 Days

Total

2017	2016
R	R
79 529	81 766
3 447	13 585
3 145	12 222
750 951	662 841
<b>837 072</b>	<b>770 414</b>

**(Total): Ageing**

Current (0 - 30 days)

31 - 60 Days

61 - 90 Days

+ 90 Days

Total

22 624 692	24 118 801
4 784 643	2 461 416
4 194 047	1 928 330
64 221 451	49 867 503
<b>95 824 832</b>	<b>78 376 050</b>

21	RECEIVABLES FROM NON- EXCHANGE TRANSACTIONS	Gross Balances	Provision for Impairment	Nett Balances
<b>As at 30 June 2017</b>				
Rates	23 603 975	9 485 589	14 118 385	
Sundry Debtors.	339 364	0	339 364	
Traffic Fines	73 908 836	65 778 864	8 129 972	
<b>Total</b>	<b>97 852 174</b>	<b>75 264 453</b>	<b>22 587 721</b>	
<b>As at 30 June 2016</b>				
Rates	21 503 495	11 295 345	10 208 151	
Sundry Debtors.	3 596	-	3 596	
Traffic Fines	52 864 205	45 130 066	7 734 139	
<b>Total</b>	<b>74 371 296</b>	<b>56 425 410</b>	<b>17 945 886</b>	
<b>Ageing of Receivables from Non-Exchange Transactions:</b>				
		2017	2016	
		R	R	
<b>(Rates): Ageing</b>				
Current (0 - 30 days)		6 772 380	6 627 559	
31 - 60 Days		1 230 986	645 965	
61 - 90 Days		647 274	504 060	
+ 90 Days		14 953 335	13 725 912	
<b>Total</b>		<b>23 603 975</b>	<b>21 503 495</b>	
<b>Receivables impaired</b>				
		Exchange Transactions	Non-Exchange Transactions	Total
		R's	R's	R's
<b>2017</b>				
<b>Total</b>	<b>62 894 994</b>	<b>75 264 453</b>	<b>138 159 447</b>	
<b>2016</b>				
<b>Total</b>	<b>48 709 539</b>	<b>56 425 410</b>	<b>105 134 950</b>	
<b>Reconciliation of Provision for Bad Debts for Receivables from Exchange and Non -Exchange transactions</b>				
Balance at beginning of year			105 134 950	81 441 726
Contribution to provision			33 024 497	23 693 224
<b>Balance at end of year</b>			<b>138 159 447</b>	<b>105 134 950</b>
In determining the recoverability of a trade receivable, the Municipality considers any change in the credit quality of the trade receivable from the date the credit was initially granted, up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful				
<b>22</b>	<b>OPERATING LEASE ARRANGEMENTS</b>			
<b>22.1</b>	<b>The Municipality as Lessee (Liability)</b>			
Balance on 1 July			427 515	506 021
Movement during the year			(130 511)	(78 506)
<b>Balance on 30 June</b>			<b>297 004</b>	<b>427 515</b>
At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:				
Up to 1 Year			878 574	1 164 837
1 to 5 Years			415 663	683 638
More than 5 Years				
<b>Total Operating Lease Arrangements</b>			<b>1 294 237</b>	<b>1 848 475</b>
Operating leases consists of agreements for building rentals				
The municipality does not engage in any sub-lease arrangements.				
The municipality did not pay any contingent rent during the year				
<b>22.2</b>	<b>The Municipality as Lessor (Asset)</b>	2017	2016	
		R	R	
Balance on 1 July			206 364	118 230
Movement during the year.			66 866	88 134
<b>Balance on 30 June</b>			<b>273 230</b>	<b>206 364</b>
At the Statement of Financial Position date, the municipality will receive operating lease income as follows:				
Up to 1 Year			529 156	623 416
1 to 5 Years			1 326 336	1 855 492
More than 5 Years			407 923	
<b>Total Operating Lease Arrangements</b>			<b>2 263 415</b>	<b>2 478 907</b>
This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.				
No restrictions have been imposed on the Municipality in terms of the operating lease agreements.				
The leases are in respect of land and buildings being leased out for several purposes.				
The municipality does not engage in any sub-lease arrangements.				
The municipality did not receive any contingent rent during the year				
Leases escalate annually between 5% to 12%. Lease agreements are non-cancellable and have terms from 2 to 10 years.				
Some of the leases are renewable after the lapsing of the existing lease period				

## CASH AND CASH EQUIVALENTS

	2017 R	2016 R
<b>Assets</b>		
Call Investments Deposits	53 010 079	103 684 247
Bank Accounts	73 033 220	17 267 242
Cash Floats	12 020	11 520
<b>Total Cash and Cash Equivalents - Assets</b>	<b>126 055 319</b>	<b>120 963 009</b>

Cash and cash equivalents comprises of cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Security amounting to R 200,000 is held at Absa Bank for E- Fuel.

The municipality has the following bank accounts:

**Current Accounts**

Standard Bank George-Account Number 082599343 (Previous Primary Bank Account)	7 168 399	15 235 038
Standard Bank George-Account Number 282032371 (Direct Deposits)	1 485 854	791 614
Standard Bank George-Account Number 082608288 (ACB)	5 623	148 308
Standard Bank George-Account Number 082592535 (Previous Traffic Account)	896 561	563 187
Nedbank- Account Number 1089911513 ( Current Primary Bank Account)	63 516 264	5 888 600
Nedbank- Account Number 1089913079 (Current Traffic Account)	107 545	327 973
Nedbank- Account Number 1089913974 (Current Direct Deposits)	577 163	444 474
Nedbank- Account Number 1147931046	272 196	-
	<b>74 029 603</b>	<b>23 399 195</b>

Cash book balance at beginning of year

Cash book balance at end of year

*Standard Bank George-Account Number 082599343 (Primary Bank Account) until 14 December 2014*

Bank statement balance at beginning of year

Bank statement balance at end of year

*Standard Bank George-Account Number 282032371 (Direct Deposits)*

Bank statement balance at beginning of year

Bank statement balance at end of year

*Standard Bank George-Account Number 082592535 (Previous Traffic Account)*

Bank statement balance at beginning of year

Bank statement balance at end of year

*Standard Bank George-Account Number 082608288 (ACB)*

Bank statement balance at beginning of year

Bank statement balance at end of year

*Nedbank- Account Number 1089911513(Primary Bank Account) since 15 December 2015*

Bank statement balance at beginning of year

Bank statement balance at end of year

*Nedbank- Account Number 1089913079*

Bank statement balance at beginning of year

Bank statement balance at end of year

*Nedbank- Account Number 1089913974*

Bank statement balance at beginning of year

Bank statement balance at end of year

*Nedbank- Account Number 1147931046*

Bank statement balance at beginning of year

Bank statement balance at end of year

**Call Investment Deposits**

Call investment deposits consist out of the following accounts:

Absa Account nr 9294822970	-	11 326 233
Absa Account nr 9298544934	-	11 144 248
Standard Account nr 488-607-7000-036	-	5 290 466
Standard Account nr 488-607-7000-037	-	5 263 699
Standard Account nr 488-607-7000-043	-	10 065 258
Standard Account nr 488-607-7000-044	-	21 411 166
Standard Account nr 488-607-7000-049	-	20 007 452
Nedbank Account nr 03/7881052406/000067	-	10 183 757
Nedbank Account nr 03/7881052406/000070	-	5 193 815
Nedbank Account nr 03/7881052406/000071	-	5 197 259
Nedbank Account nr 03/7881052406/000074	-	5 151 074
Nedbank Account nr 03/7881052406/000076	-	5 033 565
	<b>21 415 157</b>	<b>20 011 178</b>
	<b>53 010 079</b>	<b>103 684 247</b>

For the purposes of the Cash Flow Statement, Bank, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

Call investment deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 5 % to 6 % per annum.

ABSA investment account number 2048975233 has been ceded as collateral for bond number 8043787245 to the amount of R 24 000.

ABSA investment account number 2050090176 has been ceded as collateral for bond number 8044250229 to the amount of R13 700.

24	PROPERTY RATES	2017 R	2016 R
<b><u>Actual</u></b>			
<b>Rateable Land and Buildings</b>		112 556 121	108 386 833
Residential, Industrial, Rural and Other		102 060 356	97 891 068
Commercial		8 536 123	8 536 123
State		1 959 642	1 959 642
<b>Total Assessment Rates</b>		<b>112 556 121</b>	<b>108 386 833</b>
<b><u>Valuations - 1 JULY 2011</u></b>			
<b>Rateable Land and Buildings</b>			
Residential, Industrial, Rural and Other		21 120 668 573	20 368 724 573
Commercial		269 147 400	971 886 000
State		269 466 000	268 087 400
<b>Total Assessment Rates</b>		<b>21 659 281 973</b>	<b>21 608 697 973</b>
Assessment Rates are levied on the value of land and improvements, for which a valuation must be performed every 5 years. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations, consolidations and subdivisions. A new roll was implemented from 1 July. The tariff for residential properties are used as the basis for the calculation of property rates for all other categories. A Business will pay 67% more than a household and farms or rural properties will pay 75% less than residential households.			
Rates are levied annually on property and are payable by 30 September. Owners are allowed to pay the annual assessment in 12 monthly instalments. Monthly rates are payable by the 15th of the following month. Interest is levied at the prime rate plus 1% on outstanding rates amounts.			
Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.			
25	<b>GOVERNMENT GRANTS AND SUBSIDIES</b>		
	<b>Unconditional Grants</b>	64 235 000	56 999 000
	Equitable Share	64 235 000	56 999 000
	<b>Conditional Grants</b>	117 932 994	96 145 756
	Grants and donations	117 932 994	96 145 756
	<b>Total Government Grants and Subsidies</b>	<b>182 167 994</b>	<b>153 144 756</b>
	Government Grants and Subsidies - Capital	81 804 891	48 956 549
	Government Grants and Subsidies - Operating	100 363 103	104 188 207
		<b>182 167 994</b>	<b>153 144 756</b>
	Revenue recognised per vote as required by Section 123 (c) of the MFMA		
	Community & Social Services	10 590 177	10 718 074
	Electricity	18 495 120	16 769 082
	Executive & Council	30 933 480	27 190 069
	Budget & Treasury	7 868 600	7 865 488
	Housing	67 428 566	44 874 199
	Road Transport	2 954 000	765 367
	Water	29 573 811	27 477 773
	Waste Water Management	5 471 328	9 999 362
	Waste Management	7 408 320	6 626 720
	Corporate Services	1 444 592	858 622
		<b>182 167 994</b>	<b>153 144 756</b>
	The municipality does not expect any significant changes to the level of grants.		
25.01	<b>Equitable share</b>		
	Grants received	64 235 000	56 999 000
	Conditions met - Operating	(64 235 000)	(56 999 000)
	Unconditional		
	The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
25.02	<b>Extended Public Works Program</b>		
	Opening balance		
	Grants received	1 869 000	1 052 000
	Conditions met - Operating	(1 869 000)	(1 052 000)
	Conditions still to be met		
	Job creation projects in previous disadvantage areas		
25.03	<b>Local Government Financial Management Grant (FMG)</b>		
	Opening balance		
	Grants received	1 475 000	1 450 000
	Conditions met - Operating	(1 475 000)	(1 450 000)
	Conditions met-to be recovered		
	The Financial Management Grant is paid by National Treasury to medium capacity municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).		

		2017 R	2016 R
<b>25.04 Municipal Systems Improvement Grant</b>			
Opening balance			
Grants received			930 000
Conditions met - Operating			(930 000)
Conditions met-to be recovered			
The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems, paid by National Treasury			
<b>25.05 Municipal Infrastructure Grant (MIG)</b>			
Opening balance	2		
Grants received	25 682 000	22 122 000	
Conditions met - Capital	(23 400 211)	(22 121 998)	
Conditions met	<b>2 281 791</b>	<b>2</b>	
The grant was used to upgrade infrastructure in previously disadvantaged areas, paid by National Treasury.			
<b>25.06 Housing Grants</b>			
Opening balance	9 054 979	12 136 879	
Grants received	43 893 012	41 792 298	
Conditions met - Operating	(20 253 292)	(29 985 114)	
Conditions met - Capital	(47 175 274)	(14 889 084)	
Refunded	-	-	
Conditions met-to be recovered	<b>(14 480 575)</b>	<b>9 054 979</b>	
Housing grants was utilised for the development of erven and the erection of top structures, paid by the Provincial Government.			
<b>25.07 National Electrification Programme</b>			
Opening balance	-	(136 877)	
Grants received	8 000 000	7 000 000	
Conditions met - Capital	(8 000 000)	(6 863 123)	
Conditions met-	<b>(0)</b>	<b>-</b>	
The National Electrification Grant was used for electrical connections in previously disadvantaged areas.			
<b>25.08 LGSETA Grant</b>			
Opening balance	1	102 532	
Grants received	317 150	195 645	
Conditions met - Operating	(317 150)	(298 176)	
Conditions still to be met	<b>1</b>	<b>1</b>	
The grant was received from the National Treasury for the construction of a Desalination Plant to assist us in drought situations.			
<b>25.09 ACIP</b>			
Opening balance	-		
Grants received	-	3 081 000	
Conditions met - Capital	-	(3 081 000)	
Conditions met	-	-	
Job creation in the previous disadvantage areas			
<b>25.10 Provincial Management Support Grant</b>			
Opening balance	-	800 785	
Grants received	340 000	50 000	
Conditions met - Operating	(220 000)	(850 785)	
Conditions met - Capital	-	-	
Conditions still to be met	<b>120 000</b>	<b>-</b>	
The Grant was received from Provincial Government to assist with the implementation of Performance Management in the Municipality.			
<b>25.11 Community Development Workers</b>			
Opening balance	-	16 758	
Grants received	19 000	18 000	
Conditions met - Operating	(19 000)	(34 758)	
Conditions still to be met	-	-	
The grant was received from the Provincial Department of Local Government and Housing to assist with the operating cost of the CDW program.			
<b>25.12 Library Grant</b>			
Opening balance	372 873	1 106 177	
Grants received	1 604 000	1 631 000	
Conditions met - Operating	(1 860 136)	(2 207 998)	
Conditions met - Capital	(116 737)	(156 306)	
Conditions still to be met	<b>0</b>	<b>372 873</b>	
The grant was received from the Provincial Department of Local Government to assist with the operating cost of libraries. The funds should be used to assist with the appointment of temporary staff and literacy projects. No funds were withheld.			

	2017	2016
25.13 Municipal Replacement Grant		
Opening balance	R 287 304	R 705 676
Grants received	8 226 000	7 855 800
Conditions met - Operating	(6 868 187)	(7 194 501)
Conditions met - Capital	(1 645 118)	(1 079 671)
Conditions still to be met	(1)	287 304
This grant was received as a contribution for the operational cost of the libraries		
25.14 Proclaimed Roads Maintenance		765 367
Opening balance	2 754 000	
Grants received	(2 754 000)	(765 367)
Conditions met - Operating		
Conditions met-to be recovered		
This subsidy was for maintenance on main roads , belonging to the Western Cape Government		
25.15 Emergency Funding N.D.M.C		
Opening balance	32 447	(7 665)
Grants received		2 585 943
Conditions met - Operating	(9 704)	(2 545 831)
Conditions met - Capital	(22 743)	
Conditions met-to be recovered	0	32 447
25.16 Thusong Sentrum		
Opening balance		(20 402)
Grants received	100 000	100 000
Conditions met - Operating	(100 000)	(79 598)
Conditions met - Capital		
Conditions met-to be recovered		
25.17 Working Integrated Learning		
Opening balance		(43 020)
Adjustment		43 020
Grants received	700 000	
Conditions met - Operating	(200 000)	
Conditions met - Capital	(500 001)	
Conditions met-to be recovered	(1)	
25.18 Graduate Internship		
Opening balance		60 000
Grants received		
Conditions met - Operating		
Conditions met - Capital		
Conditions met-		
25.19 Total Grants		
Opening balance	9 747 606	15 426 210
Grants received	159 274 162	146 862 686
Adjustment		43 020
Conditions met - Operating	(100 180 468)	(104 393 128)
Conditions met - Capital	(80 860 083)	(48 191 181)
Refunded		
Conditions still to be met/(Grant expenditure to be recovered)	(12 018 783)	9 747 606
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	2 461 793	9 747 605
Unpaid Conditional Government Grants and Receipts	(14 480 577)	
	(12 018 783)	9 747 605
26 PUBLIC CONTRIBUTIONS AND DONATIONS		
Augmentation Fees: Electricity	621 663	1 162 307
Augmentation Fees: Water	14 140	1 830 457
Augmentation Fees: Sewerage	357 568	510 401
IDC funding		
Beaches		
Kwanu Sport fields		
	993 370	3 503 166
27 SERVICE CHARGES		
Electricity charges	135 846 450	121 979 685
Water charges	57 922 395	51 925 476
Refuse removal charges	39 634 629	35 630 619
Sewerage and Sanitation Charges	66 045 588	61 106 694
Less: Rebates	299 449 062	270 642 474
	(49 354 808)	(50 049 863)
Total Service Charges	250 094 254	220 592 611

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

The method to determined rebates and subsidized services has changed since the previous year in the sense that rebates and discounts which were previously treated as revenue forgone and discounted in the tariffs ,are now levied at full tariffs and rebates and subsidies are then credited to the beneficiaries who have qualified for rebates and subsidies.

	2017	2016
	R	R
28 OTHER INCOME		
Boat Launching Fees	102 802	271 450
Building Plan Fees	2 549 624	2 289 989
Call Out Fees	1 634	307
Cemetery Fees	29 950	27 204
Collection Fees recovered	435 596	1 188 736
Connection Fees	319 084	447 710
Conservancy Fees	1 501 205	1 379 367
Fire fighting fees	1 384 335	102 847
Fuel sales	2 877 960	1 430 413
Landing Fees	284 951	213 296
List of building plans	5 001	3 599
Mayoral Golf Day	49 825	49 728
Penalties : Damaged Meters	52 943	124 889
Pre paid unblocking fee	24 107	90 459
Re/connections	43 288	447 554
Services Connections	153 905	123 584
Town Planning Fees	467 076	510 752
Wheelie Bines Sales	42 307	22 931
Sundries.	1 183 072	3 862 575
<b>Total Other Income</b>	<b>11 508 665</b>	<b>12 587 391</b>
29 EMPLOYEE RELATED COSTS		
Salaries and Wages	109 500 975	92 698 662
Contributions to UIF and pensions	17 922 262	14 483 801
Bonuses	7 341 132	7 073 477
Performance Bonus	348 738	215 098
Overtime payments	9 620 470	7 664 582
Standby Allowance	3 203 896	3 055 294
Travelling Allowance and subsistence and other Allowances	11 347 167	10 584 525
Housing Benefits and Allowance	1 045 018	819 290
Medical Aid contributions	13 268 748	11 339 672
Contributions to Group Insurance	3 333 642	2 791 381
Contributions to Leave	4 874 973	3 427 631
Contribution to Post Employment Medical	7 696 513	6 140 860
Contribution to Long Service awards	389 726	351 149
<b>Total Employee Related Costs</b>	<b>189 893 260</b>	<b>160 645 420</b>
<b>KEY MANAGEMENT PERSONNEL</b>		
The Municipal Manager and Directors are appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract period.		
<b>REMUNERATION OF KEY MANAGEMENT PERSONNEL</b>		
<i>Remuneration of the Municipal Manager</i>		
<i>Mr AA Paulse (period 1 July 2016 - 31 August 2016)</i>		
Annual Remuneration	193 483	1 102 698
Allowance	15 060	88 883
Annual Bonus	-	90 685
Travelling Allowance	45 200	252 601
Telephone allowance	4 600	24 400
Contributions to UIF, Medical, Pension Funds and Bargaining Council	42 882	257 171
Leave	441 529	-
Severance Benefit	1 428 067	-
<b>Total</b>	<b>2 170 821</b>	<b>1 816 437</b>
<i>Remuneration of the Municipal Manager</i>		
<i>Mr TC Ndlovu (period 6 February - 30 June 2017)</i>		
Annual Remuneration	381 411	-
Allowance	97 684	-
Travelling Allowance	106 832	-
Telephone allowance	24 250	-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	782	-
<b>Total</b>	<b>610 959</b>	<b>-</b>
<i>Remuneration of the Director Infrastructure and Technical Services</i>		
<i>Me P Ngqumshe</i>		
Annual Remuneration	768 369	776 982
Allowance	533 818	439 738
Telephone allowance	27 600	24 400
Travelling Allowance	132 000	132 000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	157 648	172 956
<b>Total</b>	<b>1 619 434</b>	<b>1 546 077</b>
<i>Remuneration of the Director Corporate Services</i>		
<i>Mr R Smit</i>		
Annual Remuneration	561 716	1 063 365
Annual Bonus	119 195	150 475
Acting Allowance	26 483	10 707
Travelling Allowance	54 000	106 000
Telephone allowance	13 800	24 400
Contributions to UIF, Medical, Pension Funds and Bargaining Council	102 047	203 379
Leave	127 602	-
<b>Total</b>	<b>1 004 844</b>	<b>1 558 326</b>

	2017	2016
	R	R
<b>Remuneration of the Director Corporate Services</b>		
<i>Mr VJ Mbelani (period 01/05/2017-30/06/2017)</i>		
Annual Remuneration	111 721	-
Other Allowance	29 269	-
Travelling Allowance	25 000	-
Telephone allowance	10 000	-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	313	-
<b>Total</b>	<b>176 303</b>	<b>-</b>
<b>Remuneration of the Director Community Services</b>		
<i>Mr MG Stratu (period 1 July 2016-28 February 2017)</i>		
Annual Remuneration	815 895	1 137 391
Annual Bonus	-	-
Allowance	25 883	38 825
Acting Allowance	3 545	8 272
Telephone allowance	18 400	24 400
Travelling Allowance	-	284 034
Contributions to UIF, Medical, Pension Funds and Bargaining Council	-	62 768
Leave	108 462	-
<b>Total</b>	<b>972 185</b>	<b>1 555 690</b>
<b>Remuneration of the Chief Financial Officer</b>		
<i>Mr FM Lötter (period 1 July 2016- 31 August 2016)</i>		
Annual Remuneration	236 707	1 334 135
Acting Allowance	-	8 185
Travelling Allowance	39 430	234 582
Telephone allowance	18 400	24 400
Leave	277 298	-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	5 336	44 133
Severance Benefit	1 001 257	-
<b>Total</b>	<b>1 578 428</b>	<b>1 645 435</b>
<b>Remuneration of the Chief Financial Officer</b>		
<i>Mr BV Mkhefa (period 01/05/2017 - 30 June 2017)</i>		
Annual Remuneration	129 530	-
Other Allowance	32 927	-
Travelling Allowance	24 000	-
Telephone allowance	10 000	-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	313	-
<b>Total</b>	<b>196 770</b>	<b>-</b>
<b>Remuneration of the Director : Strategic Services</b>		
<i>Mr D Friedman</i>		
Annual Remuneration	831 421	775 979
Allowance	219 252	206 842
Acting Allowance	153 992	252 778
Travelling Allowance	240 000	240 000
Telephone allowance	27 600	24 900
Contributions to UIF, Medical, Pension Funds and Bargaining Council	25 336	35 914
<b>Total</b>	<b>1 497 601</b>	<b>1 536 413</b>
<b>30 REMUNERATION OF COUNCILLORS</b>		
Executive Mayor	762 060	820 263
Deputy Executive Mayor	622 497	812 168
Speaker	609 417	656 109
Mayoral Committee Members	1 174 141	1 242 298
Councillors	2 191 721	1 719 344
Councillors-other allowances		
<b>Total Councillors' Remuneration</b>	<b>5 359 837</b>	<b>5 250 182</b>
<b>In-Kind Benefits</b>		
The Councillors occupying the positions of Executive Mayor, Deputy Executive Mayor, Speaker and Executive Mayoral Committee Members of the Municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the Municipality in order to enable them to perform their official duties. The Executive Mayor is also provided with official transport for public duties.		
<b>31 DEBT IMPAIRMENT</b>		
Receivables from exchange transactions	12 485 454	7 615 978
Receivables from non- exchange transactions	20 539 043	16 077 246
<b>Total Contribution to Debt Impairment</b>	<b>33 024 498</b>	<b>23 693 224</b>
Less: Portion Relating to VAT	(1 533 301)	(1 883 995)
Debt impairment recognised in statement of financial performance	31 491 196	21 809 229
<b>BAD DEBTS WRITTEN OFF</b>		
Receivables from exchange transactions	5 895 431	7 725 122
Receivables from non- exchange transactions	120 782	85 019
<b>Total</b>	<b>6 016 213</b>	<b>7 810 141</b>
<b>32 DEPRECIATION AND AMORTISATION</b>		
Property Plant and Equipment	24 857 169	22 051 008
Investment Property	538	(621 982)
Intangible Assets	90 848	123 283
Capitalized Restoration Cost		
<b>Total</b>	<b>24 948 555</b>	<b>21 552 309</b>

		2017 R	2016 R
33	<b>IMPAIRMENTS/ WRITE-OFFS</b>		
	Property Plant & Equipment	187 896	264 185
	Intangible Assets		
		<b>187 896</b>	<b>264 185</b>
34	<b>FINANCE CHARGES</b>		
	Long-term Liabilities	14 753 681	14 217 681
	Finance leases	279 664	400 035
	Tip site restoration contribution	252 853	1 718 927
	Post employment medical aid provision	8 081 925	7 326 752
	Long service awards provision	274 634	238 128
	<b>Total finance charges</b>	<b>23 642 757</b>	<b>23 900 903</b>
35	<b>BULK PURCHASES</b>		
	Electricity bulk	104 253 188	94 110 392
	<b>Total Bulk Purchases</b>	<b>104 253 188</b>	<b>94 110 392</b>
36	<b>GENERAL EXPENSES</b>		
	Advertising	617 543	543 850
	Audit Fees	2 158 288	2 057 726
	Bank Charges	2 235 864	1 955 001
	Blue Flag Facilities	40 495	164 831
	Bursaries	1 569 688	813 300
	Chemicals	1 757 466	1 819 342
	Communication	100 215	20 910
	Community Development Projects	2 786 198	3 058 954
	Congresses and Seminars	747 598	423 289
	Connexion Fees - Services	110 923	171 745
	Consulting and Professional Fees	4 384 586	4 083 690
	Corporate Branding	34 741	32 164
	Disaster Relief	1 429 823	149 088
	Drivers Licence & Permit Cost	47 718	-
	Electricity Pre Paid Vendors Commissions	912 716	680 997
	Electricity Supply	702	36 538
	Entertainment	346 200	194 711
	Eradication Of Alien Vegetation	-	1 223
	Events & Festivals	1 796 943	409 773
	External Newsletters	42 697	52 942
	Fleet Management System	241 580	313 027
	Fuel	4 175 573	1 220 135
	General Clean-up	819 208	812 722
	Grant Funded Projects	5 976 625	3 747 708
	Hire & Maintenance	2 983 810	1 924 388
	Hire of Vehicles	767 792	543 552
	Housing Projects	17 818 511	29 040 872
	Insurance	843 354	586 437
	Laboratory Fees	164 124	185 153
	Legal Expenses	5 541 127	1 891 100
	Licence Fees	2 525 526	3 514 158
	Materials and Stores	5 954 022	5 716 903
	Mayoral events and projects	2 501 655	2 117 286
	Membership fees SALGA	1 894 889	1 673 995
	Pest Control	89 697	99 772
	Postage	51 551	675 233
	Printing and Stationary	952 513	826 918
	Protective Clothing	1 392 663	887 722
	Refuse Recycling	432 181	544 068
	Rent: Other	2 293 404	2 200 929
	Skills Development Levy	1 703 756	1 321 360
	Street Lighting Cost	-	75 941
	Subscription and Membership Fees	116 987	67 891
	Subsidized Services	36 977	1 830 280
	Systems support	480 839	409 418
	TASK contribution	123 155	-
	Telecommunication	1 981 812	1 515 679
	Telemetry Systems	21 440	80 513
	Training	1 294 999	1 414 340
	Travelling and Subsistence	2 554 318	2 293 378
	Vehicle Operating Cost	2 894 972	3 718 990
	Ward Committees	241 561	521 501
	Water supply purchase	958 668	304 583
	Wheelie Bins	419 880	1 338 414
	Other	7 731 295	4 439 849
	<b>Total General Expenses</b>	<b>99 100 863</b>	<b>94 524 293</b>

## 37 CORRECTION OF ERRORS IN TERMS OF GRAP 3 AND RECLASSIFICATIONS

### Prior year adjustments due to non-compliance with Accounting policy and errors

37.01 (a) With the reconciliation of the Eskom accounts it was found that an account which was payable for the 2015/16 financial year was erroneously not accrued at year end with the result that the Accumulated Surplus was overstated and VAT and Payables from Exchange transactions were understated. This error is now corrected with the following entries : (Dt) Accumulated Surplus- current year for (Bulk purchases) R9 223 346,09 , (Dt) VAT R1 291 268,45 and (Ct) Payables from Exchange transactions R10 514 614,54

(b) With the reconciliation of the Eskom accounts it was found that Input VAT amounted to R117 939,86 was not allocated to the VAT account with the result that VAT claimable for 2015/16 was understated and the Bulk Purchases from Eskom overstated. This oversight is now corrected with the following entries : (Dt) VAT and (Ct) Accumulated surplus - current year (Bulk Purchases)

(c) With the process to linked the assets in the improved infrastructure masterplan to the infrastructure asset register, it was found that assets were not recognised with the initial adoption in terms of GRAP 17 . This error is now corrected retrospectively to 2007 at deemed cost, with the following entries : (Dt) Property Plant and Equipment: Infrastructure-cost R 20 520 120.05 (Ct) Accumulated Surplus - prior years R20 520 120.05, (Dt) Accumulated Surplus - prior years R3 797 814.57, (Ct) Property Plant and Equipment- Accumulated Depreciation R3 797 814 .57,(Dt) Accumulated Surplus - Current year (depreciation) R447 733.56 , (Ct) Accumulated Depreciation R447 733.56

(d) During the same process as described above, assets were found which were previously capitalized which are not the property of the Municipality. These assets are now derecognised as a correction of error. This error is now retrospectively corrected with the following entries : (Dt) Accumulated Surplus-prior years R6 495 288.95 (Ct) Property Plant and Equipment -Infrastructure R6 495 288.95 (Dt) Accumulated Depreciation R2 155 715.60,(Ct) Accumulated Surplus- prior years RR2 155715.60, (Dt) Accumulated Depreciation R83 612.35 (Ct) Accumulated Surplus - Current year - (depreciation) R83 612.33

(e) Some assets previously identified during the 2014/2015 verification process, which were still work in progress, was incorrectly "commissioned" in the Assets Register. This error is now rectified with the following entries : (Dt) Accumulated Depreciation R156 534.32 (Ct) Accumulated Surplus-previous years (Dt) Accumulated Depreciation R17 529.65 (Ct) Accumulated Surplus -current year (depreciation) R17 529.65

(f) Errors in the calculation for depreciation were found were the same assets have been splitted in components, with the result that depreciation of assets was overstated. This error is now corrected with the following entries : (Dt) Accumulated Depreciation - Infrastructure R31 857.07 ( Ct) Accumulated Surplus-prior years R31 857.07 (Dt) Accumulated Depreciation- infrastructure R11 973.69, (Ct) Accumulated Surplus-prior years (depreciation) R11 973.69

(g) With the annual verification of the moveable assets, assets have been found which were not capitalized and included in the asset register before. These assets is now recognised for the first time in terms of GRAP 17 retrospectively to 2007 at deemed cost, with the following entries : (Dt) Property Plant and Equipment: Moveable assets-cost R 218 811.91 (Ct) Accumulated Surplus - prior years R218 811.91 (Dt) Accumulated Surplus - prior years R121 371.90 (Ct) Property Plant and Equipment- Accumulated Depreciation R121 371.90, (Dt) Accumulated Surplus - Current year (depreciation) R16 070.09 , (Ct) Accumulated Depreciation R16 070.09

(h) Assets previously de-recognised but still in use were found and is now recognised retrospectively with the following entries : (Dt) Property Plant and Equipment (Other Assets) R126 783.97 (Ct) Accumulated Surplus - prior years R126 783.97 (Dt) Accumulated Surplus -prior years R73 996.86 (Ct)Accumulated Depreciation R73 996.86, (Dt) Accumulated Surplus -current year (depreciation) (Ct) Accumulated Depreciation R9 845.29

(i) Water meters were previously erroneously capitalised as assets. This error is now retrospectively corrected with the following entries (Dt) Accumulated Surplus -prior years R199 944.88 (Ct) Property Plant and Equipment-Infrastructure cost R199 944.88, (Dt) Accumulated Surplus-current year (General Expenditure) (Ct) Property Plant and Equipment - Infrastructure cost R 570 956.58

(j) First time recognition of Assets. (Dt) Property Plant and Equipment - Land and Buildings -cost (Ct) Accumulated Surplus R 6 782 293 (Dt) Accumulated Surplus -prior years R21.36 (Ct) Accumulated Depreciation R21.36

(k) Land and Buildings previously recognised as Investment Property are now retrospectively re-classified as Property Plant and Equipment The entries to do the correction are as follows : (Dt) Property Plant and Equipment- Land and Buildings (CT) Investment Properties with R6 007 333 ,Accumulated Impairments- Investment Properties (Dt) , Accumulated Impairment - Property Plant and Equipment R 813 215.17 ,Accumulated Depreciation- Investment Properties (Dt) , Accumulated Depreciation - Property Plant and Equipment with R 648 924.61

(l) Land and Buildings were identified on the Asset register which are not Municipal Assets and are now retrospectively derecognised as Assets with the following entries : (Dt) Accumulated Surplus - prior years (Ct) Property Plant and Equipment - Land and Buildings R144 000 Investment Properties R12 400 000 (Dt) Accumulated Surplus -current year (Ct)Property Plant and Equipment R27 000

(m) Due to a technical opinion from the Auditors General , the provision for Clearing of Alien Vegetation is found to not being a provision and must be treated as an ongoing operation . For this reason the provision is now de recognised with the following entries : (Ct) Accumulated Surplus - Prior years R1 319 302.70 (Dt) Provisions R1 319 302.70, (Ct) Accumulated Surplus (current year -General Expenses) (Dt) Provisions R118 757.68

### 37.02 Accumulated Surplus

	2016 R	2015 R
<b>Balance previously reported</b>		
Correction of error -see note 37,01(a)	702 478 331	656 275 557
Correction of error -see note 37,01(b)	(9 223 346)	
Correction of error -see note 37,01(c)	117 940	
Correction of error -see note 37,01(c)	20 520 120	20 520 120
Correction of error -see note 37,01(c)	(3 797 815)	(3 797 815)
Correction of error -see note 37,01(c)	(447 734)	
Correction of error -see note 37,01(d)	(6 495 289)	(6 495 289)
Correction of error -see note 37,01(d)	2 155 716	2 155 716
Correction of error -see note 37,01(d)	83 612	
Correction of error -see note 37,01(e)	156 534	156 534
Correction of error -see note 37,01(e)	17 530	
Correction of error -see note 37,01(f)	31 857	31 857
Correction of error -see note 37,01(f)	11 974	
Correction of error -see note 37,01(g)	218 812	218 812
Correction of error -see note 37,01(g)	(121 372)	(121 372)
Correction of error -see note 37,01(g)	(16 070)	
Correction of error -see note 37,01(h)	126 784	126 784
Correction of error -see note 37,01(h)	(63 842)	(73 997)
Correction of error -see note 37,01(i)	(770 901)	(199 945)
Correction of error -see note 37,01(j)	6 782 293	6 782 293
Correction of error -see note 37,01(j)	(21)	
Correction of error -see note 37,01(l)	(12 571 000)	(12 571 000)
Correction of error -see note 37,01(m)	1 438 060	1 319 303
<b>Restated balance 30/06/2016</b>	<b>700 612 173</b>	<b>664 327 558</b>

	2016 R	2015 R
<b>37.03 Property Plant and Equipment</b>		
Balance previously reported	827 916 726	753 536 068
Correction of error -see note 37,01 '(c) - Infrastructure-cost	20 520 120	20 520 120
Correction of error -see note 37,01 '(c)- Accumulated Depreciation	(3 797 815)	(3 797 815)
Correction of error -see note 37,01 '(c)- Accumulated Depreciation	(447 734)	
Correction of error -see note 37,01 (d)- Infrastructure- cost	(6 495 289)	(6 495 289)
Correction of error -see note 37,01 (d)- Accumulated Depreciation	2 155 715	2 155 715
Correction of error -see note 37,01(e)- Accumulated Depreciation	83 612	156 534
Correction of error -see note 37,01(e)- Accumulated Depreciation	17 530	156 534
Correction of error -see note 37,01(f)- Accumulated Depreciation	31 857	31 857
Correction of error -see note 37,01(f)- Accumulated Depreciation	11 974	
Correction of error -see note 37,01(g)- Accumulated Depreciation	218 812	218 812
Correction of error -see note 37,01(g)- Accumulated Depreciation	(121 372)	(121 372)
Correction of error -see note 37,01(g)- Accumulated Depreciation	(16 070)	
Correction of error -see note 37,01(h)- Other Assets cost	126 784	126 784
Correction of error -see note 37,01(h)- Accumulated Depreciation	(83 842)	(73 997)
Correction of error -see note 37,01(i)- Accumulated Depreciation	(770 901)	(199 945)
Correction of error -see note 37,01(j)- Land and Buildings-cost	6 782 293	6 782 293
Correction of error -see note 37,01(j)- Accumulated Depreciation	(21)	
Correction of error -see note 37,01(k)- Property Plant and Equipment -cost	6 007 333	6 007 333
Correction of error -see note 37,01(k)- Accumulated Impairment	(813 215)	(813 215)
Correction of error -see note 37,01(k)- Accumulated Depreciation	(648 852)	(622 521)
Correction of error -see note 37,01(l)-Land and Buildings- cost	(171 000)	(144 000)
<b>Restated balance 30/06/2016</b>	<b>850 663 178</b>	<b>777 267 363</b>
<b>37.04 VAT</b>		
Balance previously reported	3 483 449	3 275 678
Correction of error -see note 37,01(a)	1 291 268	
Correction of error -see note 37,01(b)	117 940	
<b>Restated balance 30/06/2016</b>	<b>4 892 657</b>	<b>3 275 678</b>
<b>37.05 Payables from exchange transactions</b>		
Balance previously reported	34 499 109	39 299 414
Correction of error -see note 37,01(a)	10 514 615	
<b>Restated balance 30/06/2016</b>	<b>45 013 724</b>	<b>39 299 414</b>
<b>37.06 Investment Property</b>		
Balance previously reported	72 398 556	72 425 499
Correction of error -see note 37,01(k) -cost	(6 007 333)	(6 007 333)
Correction of error -see note 37,01(k)- Accumulated Impairment	813 215	813 215
Correction of error -see note 37,01(k)- Accumulated Depreciation	648 925	622 521
Correction of error -see note 37,01(l)- cost	(12 400 000)	(12 400 000)
<b>Restated balance 30/06/2016</b>	<b>55 453 363</b>	<b>55 453 902</b>
<b>37.07 Provisions</b>		
Balance previously reported	16 829 600	14 991 916
Correction of error -see note 37,01(m)	(1 438 060)	(1 319 303)
<b>Restated balance 30/06/2016</b>	<b>15 391 540</b>	<b>13 672 613</b>
<b>37.06 Statement of Performance</b>		
Balance previously reported	86 202 774	
Correction of error -see note 37,01(a)	(9 223 346)	
Correction of error -see note 37,01(b)	117 940	
Correction of error -see note 37,01(c)	(447 734)	
Correction of error -see note 37,01(d)	83 612	
Correction of error -see note 37,01(e)	17 530	
Correction of error -see note 37,01(f)	11 974	
Correction of error -see note 37,01(g)	(16 070)	
Correction of error -see note 37,01(h)	(9 845)	
Correction of error -see note 37,01(i)	(570 957)	
Correction of error -see note 37,01(j)	(21)	
Correction of error -see note 37,01(n)	118 758	
Bulk Purchases	(9 105 406)	
Depreciation	(360 555)	
General Expenses	(452 199)	
<b>Restated balance 30/06/2016</b>	<b>76 284 614</b>	

		2016 R	2015 R
<b>37.07 Reclassification Statement of Performance</b>			
<b>Previously reported</b>			
Debt Impairment		29 619 370	
Bad Debts Written-off		-	
Repairs and maintenance		<u>17 028 262</u>	
		<u>46 647 632</u>	
<b>Now reported</b>			
Debt Impairment		21 809 229	
Bad Debts Written-off		7 810 141	
Contracted Services		10 397 927	
Employee related costs		517 510	
Other Expenditure		1 341 713	
Other materials		<u>4 771 112</u>	
		<u>46 647 632</u>	
<b>38 RECONCILIATION BETWEEN NET DEFICIT FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS</b>			
Surplus for the year		88 444 798	76 284 614
<b>Adjustments for:</b>			
Depreciation		24 857 707	21 068 493
Amortisation of Intangible Assets		90 848	123 283
Asset Impairment		187 896	264 201
Contributed Assets		(94 753)	(113 422)
Grants received		161 173 215	147 671 073
Grants recognised as revenue		(182 167 993)	(153 187 777)
Gain on disposal of PPE		(801 408)	(211 960)
Loss on Disposal of PPE		2 126 172	653 468
Debt Impairment			31 503 365
Debt Impairment-written off			(7 810 141)
Contribution to employee benefits-current		3 963 031	2 990 776
Contribution from/to employee benefits-non current		7 958 732	6 902 081
Provisions		(838 204)	1 718 926
Stock Adjustment		(35 689)	(29 818)
Operating lease income accrued		(66 866)	(88 134)
Operating lease expenses accrued		(130 511)	(78 506)
Operating Surplus before changes in working capital		104 666 975	127 760 523
Changes in working capital		<u>12 900 074</u>	<u>(20 954 165)</u>
(Decrease)/Increase in Payables from Exchange Transactions		22 772 846	5 714 310
Increase in Taxes		594 743	(1 616 978)
Decrease in Inventory		(2 562 353)	(1 736 997)
(Increase) in Trade and other receivables		(7 905 163)	(23 314 498)
<b>Cash generated by operations</b>		<u>117 567 049</u>	<u>106 806 358</u>
<b>39 CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents included in the cash flow statement comprise the following:			
Call Investments Deposits - Note 23		53 010 079	103 684 247
Cash Floats - Note 23		12 020	11 520
Bank - Note 23		<u>73 033 220</u>	<u>17 267 242</u>
<b>Total cash and cash equivalents</b>		<u>126 055 319</u>	<u>120 963 009</u>
<b>40 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>		<b>2017 R</b>	<b>2016 R</b>
Cash and Cash Equivalents - Note 39		126 055 319	120 963 009
Less:		126 055 319	120 963 009
Unspent Committed Conditional Grants - Note 10		16 588 893	(4 959 000)
Unpaid Conditional Grants- Note 10		<u>(2 461 793)</u>	<u>(9 747 606)</u>
VAT - Note 12		14 480 577	-
Unspent Public Contributions		4 297 914	4 892 657
Resources available for working capital requirements		272 196	(104 051)
		<u>142 644 212</u>	<u>116 004 009</u>
<b>41 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>			
Long-term Liabilities - Note 3		148 524 403	140 789 540
Used to finance property, plant and equipment - at cost		<u>(148 524 403)</u>	<u>(140 789 540)</u>
Cash set aside for the repayment of long-term liabilities		-	-
<b>Cash invested for repayment of long-term liabilities</b>		-	-
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.		-	-

	2017 R (Actual)	2017 R (Budget)	2017 R (Variance)	2017 (%)
<b>42.01 Operational</b>				
Revenue by source				
Property taxes	112 556 121	113 317 416	(761 295)	-0.67%
Government Grants and Subsidies-capital	81 804 891	39 710 000	42 094 891	106.01%
Government Grants and Subsidies	100 363 103	140 836 285	(40 473 182)	-28.74%
Public Contributions and Donations	993 370	1 412 573	(419 203)	-29.68%
Actuarial Gain	8 461 659	-	8 461 659	100.00%
Fines	29 231 854	22 016 052	7 215 802	32.78%
Service Charges	250 094 254	246 842 484	3 251 770	1.32%
Rental of Facilities and Equipment	1 462 374	1 442 187	20 187	1.40%
Interest Earned - external investments	10 366 703	8 174 568	2 192 135	26.82%
Interest Earned - outstanding debtors	6 816 522	6 513 254	303 268	4.66%
Agency Services	1 518 035	1 268 361	249 674	19.68%
Other Income	11 508 665	11 027 613	481 052	4.36%
Contributed Assets	94 753	-	94 753	100.00%
Stock Adjustments	35 689	-	35 689	100.00%
Third Party Payments	624 257	762 590	(138 333)	-18.14%
Gain on disposal of Property, Plant and Equipment	801 408	723 000	78 408	10.84%
Licences and Permits	210 965	3 043 427	(2 832 462)	-93.07%
	616 944 623	597 089 810	19 854 813	3.33%
Expenditure by nature				
Employee Related Costs	189 893 260	189 827 107	66 153	0.03%
Remuneration of Councillors	5 359 837	5 274 600	85 237	1.62%
Debt Impairment	31 491 196	31 999 144	(507 948)	-1.59%
Bad Debts Written-off	6 016 213	-	6 016 213	100.00%
Collection Cost	778 590	1 500 000	(721 410)	-48.09%
Depreciation and Amortisation	24 948 555	22 735 518	2 213 037	9.73%
Impairments/Write-Offs	187 896	-	187 896	100.00%
Repairs and Maintenance	-	34 589 057	(34 589 057)	-100.00%
Actuarial losses	2 396 195	-	2 396 195	100.00%
Finance Charges	23 642 757	15 063 317	8 579 440	56.96%
Bulk Purchases	104 253 188	101 205 483	3 047 705	3.01%
Contracted services	34 305 104	32 326 683	1 978 421	6.12%
Stock Adjustments	-	-	-	0.00%
Grants and Subsidies	4 000 000	4 231 670	(231 670)	-5.47%
General Expenses	99 100 863	111 639 353	(12 538 490)	-11.23%
Loss on Disposal of PPE	2 126 172	-	2 126 172	100.00%
	528 499 825	550 391 932	(21 892 107)	-3.98%
<b>Net Surplus for the year</b>	<b>88 444 798</b>	<b>46 697 878</b>	<b>41 746 920</b>	<b>89.40%</b>
<b>42.02 Expenditure by Vote</b>				
<i>Material variances are considered for variances larger than R5.2 million</i>				
Community Services	160 206 132	161 862 073	(1 655 941)	-1.02%
Corporate Services	32 208 476	34 821 348	(2 612 872)	-7.50%
Council	6 195 884	6 235 440	(39 556)	-0.63%
Financial Services	47 454 036	77 555 985	(30 101 949)	-38.81%
Municipal Services and Infrastructure Development	238 012 562	255 591 781	(17 579 219)	-6.88%
Office of the Municipal Manager	25 474 656	26 330 087	(855 431)	-3.25%
Strategic Services	30 440 288	32 996 574	(2 556 286)	-7.75%
Less : Internal charges	539 992 034	595 393 288	(55 401 254)	-9.30%
	(11 492 210)	(45 001 356)	33 509 146	-74.46%
	528 499 825	550 391 932	(21 892 107)	-3.98%
Reasons for variances: see note 56				
<b>42.03 Capital expenditure by vote</b>				
<i>Material variances are considered for variances larger than R5.2 million</i>				
Community Services	27 861 473	30 971 990	(3 110 517)	-10.04%
Corporate Services	1 771 368	1 779 000	(7 632)	-0.43%
Council	-	-	-	0.00%
Financial Services	293 955	2 249 370	(1 955 415)	-86.93%
Strategic Services	1 530 522	4 298 186	(2 767 664)	-64.39%
Municipal Services and Infrastructure Development	89 212 191	96 117 025	(6 904 834)	-7.18%
	120 669 508	135 415 571	(14 746 063)	-10.89%

Reasons for variances: see note 56

## 43 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

2017  
R2016  
R43.01 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance  
 Unauthorised expenditure current year - capital  
 Unauthorised expenditure current year - operating  
 Condoned by council  
 Unspent Grants not cash backed

Unauthorised expenditure awaiting authorisation

Incident	Disciplinary steps/criminal proceedings
<i>Over expenditure on votes 2016/2017-see note</i>	
42.02	<i>Condoned</i>

2017  
R 2016  
R43.02 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance  
 Fruitless and wasteful expenditure current year  
 Condoned

Fruitless and wasteful expenditure awaiting further action

262 200 291 374  
43 750 (29 174)  
- -

305 950 262 200

Incident	Disciplinary steps/criminal proceedings
<i>Late payment of Eskom account-penalty</i>	<i>Corrected- deducted from Eskom account</i>
<i>Interest payed on overdue account Sentral - Suid Koop</i>	
<i>Interest payed on overdue account ABSA Fleet Management</i>	
<i>Interest payed on overdue account ESKOM</i>	

43 750 (29 174)

2017  
R 2016  
R43.03 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance  
 Irregular expenditure condoned  
 Irregular expenditure current year  
 Condoned

Irregular expenditure awaiting further action

1 618 307 45 075  
15 163 166 1 573 232  
- -

16 781 473 1 618 307

Incident	Disciplinary steps/criminal proceedings
<i>Contract awarded to a contractor in which a newly appointed member of staff had an interest</i>	<i>Busy with sec.32 of MFMA process</i>
<i>Legal Fees for Conveyancing of Subsidised Housing- Not procured in terms of SCM Policy from Nandi BulaBula</i>	<i>Reported to council</i>
<i>Legal Fees for Conveyancing of Subsidised Housing- Not procured in terms of SCM Policy from Mosdel Pama Cox</i>	<i>Reported to council</i>
<i>Legal Fees for Property Transfer Fees of Low-Cost Houses in favour of Nandi BulaBula</i>	<i>Reported to Council</i>
<i>Rental of Office Accommodation beyond the contract end date without extending the contract in terms of MFMA Section 116(3) from Homeplett Properties</i>	<i>Reported to Council</i>
<i>Rental of Office Accommodation beyond the contract end date without extending the contract in terms of MFMA Section 116(3) from Homeplett Properties</i>	<i>Reported to Council</i>
<i>Rental of Office Accommodation beyond the contract end date without extending the contract in terms of MFMA Section 116(3) from Homeplett Properties</i>	<i>Reported to Council</i>
<i>Procurement not on lowest acceptable quote from Shekyna Projects</i>	<i>Reported to Council</i>
<i>Procurement not on lowest acceptable quote from Shekyna Projects</i>	<i>Reported to Council</i>

45 075  
833 878  
739 354  
248 850  
248 711  
91 584  
35 496  
15 000  
24 000

<i>Procurement not on lowest acceptable quote from Iqabaka Trading</i>	<i>Reported to Council</i>	24 000
<i>Procurement not on lowest acceptable quote from Sphetezona Trading &amp; Investments Trading</i>	<i>Reported to Council</i>	6 000
<i>Procurement not on lowest acceptable quote from Sphetezona Trading &amp; Investments Trading</i>	<i>Reported to Council</i>	18 600
<i>Procurement not on lowest acceptable quote from Azoma Trading</i>	<i>Reported to Council</i>	4 950
<i>Legal Fees for Property Transfer Fees of Low-Cost Houses in favour of Nandi BulaBula</i>	<i>Reported to Council</i>	90 900
<i>Legal Fees for Property Transfer Fees of Low-Cost Houses in favour of Mosdell Pama</i>	<i>Reported to Council</i>	162 081
<i>Legal Fees for Property Transfer Fees of Low-Cost Houses in favour of Mosdell Pama</i>	<i>Reported to Council</i>	10 469
<i>Legal Fees for Property Transfer Fees of Low-Cost Houses in favour of Nandi BulaBula</i>	<i>Reported to Council</i>	56 210
<i>The procurement of Pest Control &amp; Hygiene Services without following a Competitive Bidding process in terms of Section 19 of the SCM Policy from Rentokill.</i>	<i>Reported to Council</i>	101 934
<i>The continued procurement of Conveyancing Services for Low Cost Houses without following due procurement processes from Mosdell, Pama &amp; Cox Attorneys. The AG has already re-classified similar transactions during 2015/16 as Irregular Expenditure.</i>	<i>Reported to Council</i>	144 307
<i>The procurement of forensic investigation services without complying with Section 19 of the SCM Policy or the Regulations on Financial Misconduct from DE SWART VOGEL MYAMBO ATTORNEYS.</i>	<i>Reported to Council</i>	1 054 854
<i>Rental of Office Accommodation beyond the contract end date without extending the contract in terms of MFMA Section 116(3) in favour of Home Plett Properties</i>	<i>Reported to Council</i>	31 035
<i>Rental of Office Accommodation beyond the contract end date without extending the contract in terms of MFMA Section 116(3) in favour of Home Plett Properties</i>	<i>Reported to Council</i>	263 442
<i>The continued procurement of legal services without following procurement processes in terms of Section 19 of the SCM Policy from Hutchinson, Du Plessis, Robin &amp; Stoloff Attorneys. The AG re-classified expenditure related to legal services as Irregular Expenditure for the 2015/16 financial year and this approach is consistent.</i>	<i>Reported to Council</i>	516 133
<i>Management System without following procurement processes in terms of Section 19 of the SCM Policy from Ignite Advisory Services (Pty) Ltd. The CFO &amp; CEO</i>	<i>Reported to Council</i>	557 498
<i>The procurement of Debt Collection services without following a Competitive Bidding Process as per Section 19 of the SCM Policy from Mosdell Pama Cox. The AG has already re-classified similar transactions during 2015/16 as Irregular Expenditure</i>	<i>Reported to Council</i>	627 156
<i>The procurement of professional services for the drafting of a Youth Development Plan without following a procurement process in terms of Section 18 of the SCM Policy from Musole Business Partners. The Deviation considered and approved by the Accounting Officer deemed inadequate.</i>	<i>Reported to Council</i>	60 000
<i>The continued procurement of Conveyancing Services for Low Cost Houses without following due procurement processes from Mosdell, Pama &amp; Cox Attorneys. The AG has already re-classified similar transactions during 2015/16 as Irregular Expenditure</i>	<i>Reported to Council</i>	790 500
<i>Rental of Office Accommodation beyond the contract end date without extending the contract in terms of MFMA Section 116(3) from Remax</i>	<i>Reported to Council</i>	235 456
<i>The procurement of Debt Collection services without following a Competitive Bidding Process as per Section 19 of the SCM Policy from Mosdell Pama Cox. The AG has already re-classified similar transactions during 2015/16 as Irregular Expenditure</i>	<i>Reported to Council</i>	144 307
<i>Procurement of Rental Vehicle for M van Rooyen without following due SCM Process from Avis</i>	<i>Reported to Council</i>	16 936
<i>Procurement of Rental Vehicle for Ndongeni without following due SCM Process from Avis</i>	<i>Reported to Council</i>	7 550

<i>Procurement of Rental Vehicle for Wienand without following due SCM Process from Avis</i>	<i>Reported to Council</i>	7 460
<i>Procurement of Rental Vehicle, Toyota Quest, for M van Rooyen without following due SCM Process from Avis</i>	<i>Reported to Council</i>	1 145
<i>Procurement of Rental Vehicle, Toyota Quest, for M van Rooyen without following due SCM Process from Avis</i>	<i>Reported to Council</i>	10 619
<i>Procurement of Rental Vehicle, Toyota Quest, for M van Rooyen without following due SCM Process from Avis</i>	<i>Reported to Council</i>	10 717
<i>Procurement of Rental Vehicle for Executive Mayor without following due SCM Process from AVIS</i>	<i>Reported to Council</i>	30 521
<i>Procurement of Rental Vehicle for Executive Mayor without following due SCM Process from AVIS</i>	<i>Reported to Council</i>	6 930
<i>Procurement of Rental Vehicle for Executive Mayor without following due SCM Process from AVIS- OR Tambo 09-13 March 2017</i>	<i>Reported to Council</i>	5 951
<i>Procurement of Events &amp; Catering Services from the Dunes, by Mr Smuts Mhana without following</i>	<i>Reported to Council</i>	6 750
<i>Procurement of Events &amp; Catering Services from the Dunes, by Mr Smuts Mhana without following due SCM Process</i>	<i>Reported to Council</i>	4 289
<i>The procurement of Debt Collection services without following a Competitive Bidding Process as per Section 19 of the SCM Policy from Mosdels Pama Cox. The AG has already re-classified similar transactions during 2015/16 as Irregular Expenditure</i>	<i>Reported to Council</i>	76 016
<i>The procurement of events and catering services from various service providers without complying with Section 16 of the SCM Policy in terms of a Voucher Book System</i>	<i>Reported to Council</i>	10 410
<i>The procurement of events and catering services from various service providers without complying with Section 16 of the SCM Policy in terms of a Voucher Book System</i>	<i>Reported to Council</i>	51 925
<i>The procurement of events and catering services from various service providers without complying with Section 16 of the SCM Policy in terms of a Voucher Book System</i>	<i>Reported to Council</i>	5 240
<i>The procurement of events and catering services from various service providers without complying with Section 16 of the SCM Policy in terms of a Voucher Book System</i>	<i>Reported to Council</i>	9 079
<i>The procurement of events and catering services from various service providers without complying with Section 16 of the SCM Policy in terms of a Voucher Book System</i>	<i>Reported to Council</i>	3 552
<i>The procurement of events and catering services from various service providers without complying with Section 16 of the SCM Policy in terms of a Voucher Book System</i>	<i>Reported to Council</i>	2 468
<i>The repeated procurement of professional consultancy services on an open-ended contract in terms of a deviation from the requirements of the SCM Policy from Ingerop</i>	<i>Reported to Council</i>	82 326
<i>The repeated procurement of professional consultancy services on an open-ended contract in terms of a deviation from Ingerop</i>	<i>Reported to Council</i>	358 504
<i>The procurement of DJ Services for Heritage Day from Ivani Communications without obtaining 3 quotations as per Section 17 of the SCM Policy</i>	<i>Reported to Council</i>	27 900
<i>The procurement of Debt Collection services without following a Competitive Bidding Process as per Section 19 of the SCM Policy from Mosdels Pama Cox. The AG has already re-classified similar transactions during 2015/16 as Irregular Expenditure</i>	<i>Reported to Council</i>	72 263
<i>The procurement of forensic investigation services without complying with Section 19 of the SCM Policy or the Regulations on Financial Misconduct from DE SWART VOGEL MYAMBO ATTORNEYS.</i>	<i>Identified during Audit</i>	1 729 097

<i>The procurement of events and catering services from various service providers without complying with Section 16 of the SCM Policy in terms of a Voucher Book System</i>	<i>Identified during Audit</i>	98 782
<i>SOUTHERN CAPE FIRE PROTECTION ASS. Procurement without following due process</i>	<i>Identified during Audit</i>	6 430
<i>SPORTS CENTRE Procurement without following due process</i>	<i>Identified during Audit</i>	2 312
<i>JANSEN'S TRAVEL Procurement without following due process</i>	<i>Identified during Audit</i>	14 700
<i>AIR LIQUIDE Procurement without following due process</i>	<i>Identified during Audit</i>	4 794
<i>AGITO MINDS Procurement without following due process.</i>	<i>Identified during Audit</i>	4 939
<i>Procurement of Rental Vehicle for M Gqodwana in Mayors Office without following due SCM Process from Avis</i>	<i>Identified during Audit</i>	3 964
<i>Ukhana Projects CC- SCM/2017/112/STRAT- Only 2 quotes were obtained from which the provider scored the highest in functionality.</i>  <i>Not identified in deviations register.</i>	<i>Identified during Audit</i>	97 431
<i>SCM/2017/51/COMM Weatherpruff Products Supplier is the only bid that was submitted. Not identified in deviations register.</i>	<i>Identified during Audit</i>	129 000
<i>SCM/2017/118/ENG SJ Jacobs t/a Velisas Projects and Maintenance Supplier is the only bid that was submitted. Not identified in deviations register..</i>	<i>Identified during Audit</i>	140 868
<i>SCM/2017/87/ENG Northfield Engineering (Pty) Ltd Supplier is the only bid that was submitted. Not identified in deviations register..</i>	<i>Identified during Audit</i>	170 083
<i>SCM/2017/07/FIN Incledon (Pty) Ltd Tender documentation does not specify minimum threshold for local production and content and no BBD 6.2 Local Content declaration form submitted by the supplier</i>	<i>Identified during Audit</i>	14 916
<i>SCM/2017/07/FIN Take Note Trading 245 CC Tender documentation does not specify minimum threshold for local production and content and no BBD 6.2 Local Content declaration form submitted by the supplier</i>	<i>Identified during Audit</i>	70 369
<i>SCM/2017/100/COMM Experts on the Go (Pty)Ltd Tender documentation specifies minimum threshold for local production and content, but no BBD 6.2 Local Content declaration form submitted by the supplier</i>	<i>Identified during Audit</i>	26 000
<i>No lease agreement on record between the Municipality and Mowana Properties for the lease of the Library Premises at Melvilles Corner Building for the period 01 August 2016 to 30 June 2017</i>	<i>Identified during Audit</i>	685 161
<i>The procurement of goods from MRGS Group (Pty) without submitting the award to the Bid Adjudication Committee for consideration and award</i>	<i>Identified during Audit</i>	151 535
<i>The Procurement of Security Services for Bitou Municipal Properties by Shelf Plett 40 CC t/a Isolomzi Security after the expiry of the contract on 30 June 2017, for the period 01 July to 31 December 2016</i>	<i>Identified during Audit</i>	5 398 264
<i>The Procurement of T-Shirts from Sphetezona Trading &amp; Investments in non-compliance with the Minimum Local Content Requirements in terms of Preferential Procurement Regulation 9</i>	<i>Identified during Audit</i>	42 500
		15 163 166
		1 618 307

Management and auditors have identified the above irregular expenditure as disclosed. Management will further investigate all the payments made in 2016/2017 and existing contracts with the assistance of the Internal Audit Unit to identify any further irregular expenditure. The irregular expenditure will be submitted to the MEC, Council, Disciplinary Board and the Municipal Public Accounts Committee for further investigation. Management will implement the recommendations of the board for any employee found responsible for the transgressions.

		2017	2016				
43.04	<u>Material Losses</u>						
	Water distribution losses						
	- Kilo litres disinfected/purified/purchased	3 103 467	3 225 530				
	- Kilo litres lost during distribution	235 958	216 111				
	- Percentage lost during distribution	7.60%	6.70%				
	Electricity distribution losses						
	- Units purchased (Kwh)	105 430 932	103 794 275				
	- Units lost during distribution (Kwh)	8 399 794	9 367 740				
	- Percentage lost during distribution	7.97%	9.03%				
44	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT						
44.01	<u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u>						
	Council subscriptions	1 894 889	1 673 995				
	Amount paid - current year	(1 894 889)	(1 673 995)				
	Balance unpaid (included in creditors)	-	-				
44.02	<u>Audit fees - [MFMA 125 (1)(c)]</u>						
	Opening balance	2 158 288	1 984 968				
	Current year audit fee						
	External Audit - Auditor-General	2 158 288	1 984 968				
	Amount paid - current year	(2 158 288)	(1 984 968)				
	Balance unpaid (included in creditors)	-	-				
44.03	<u>VAT - [MFMA 125 (1)(b)]</u>						
	Vat in suspense	4 297 914	4 892 657				
	Receivable/Payable	4 297 914	4 892 657				
	VAT is payable/receivable on the receipt basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.						
44.04	<u>PAYE, SDL and UIF - [MFMA 125 (1)(c)]</u>	2017 R	2016 R				
	Opening Balance	25 889 561	22 788 612				
	Current year payroll deductions and Council Contributions	(25 889 561)	(22 788 612)				
	Amount paid - current year	-	-				
	Balance unpaid (included in creditors)	-	-				
44.05	<u>Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</u>						
	Opening balance	45 879 514	39 457 086				
	Current year payroll deductions and Council Contributions	(45 879 514)	(39 457 086)				
	Amount paid - current year	-	-				
	Balance unpaid (included in creditors)	-	-				
44.06	<u>Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]</u>						
	Councillors with arrear accounts for more than 90 days as at 30 June						
		2017 R	2016 R				
		Outstanding more than 90 days	Outstanding more than 90 days				
	None	-	-				
	Total Councillor Arrear Consumer Accounts	-	-				
44.07	<u>Deviations from SCM processes in terms of section (36)(2) of the SCM Regulations</u>						
	Deviations from, and ratifications of breaches of the Procurement Processes due to Specialised Services, Advertising, Accommodation, Sole Suppliers, Emergencies, Breakdowns, Strip and Quotes are recorded.						
	All the deviations were ratified by the Municipal Manager and reported to Council						
		2017 R	2016 R				
	Section 36(1)(a)(i)-Emergencies, unforeseeable sudden events with materially harmful consequences	1 217 620	1 334 998				
	Section 36(1)(a)(ii)- Where it can be demonstrated that goods or services are produced or available from a single provider only	3 105 099	763 412				
	Section 36(1)(a)(iii)- For the acquisition of special works of art or historical objects where specifications are difficult to compile	-	32 100				
	Section 36(1)(a)(v)- Exceptional case and it is impractical or impossible to follow the official procurement processes	4 332 382	10 018 809				
	<b>Total</b>	<b>8 655 101</b>	<b>12 149 319</b>				
44.08	<u>Awards above R2000 to spouses, child, parent of a person in service of the state (Section 45 of the Supply Management Policy)</u>						
	Company	Description	Relation	Name	State Organ	Designation	Amount
	Shelfplett 40 Security	Security Services	Husband	L.B Yonn	SA Police	SAPS Officer	10 261 407
	Sidonela Trading	Construction	Wife	T.W Ngqoleka	Municipality	General Worker	13 200
	Inyameko	Construction	Father	A. Komeni	Municipality	IDP Clerk	132 705
	<b>Total</b>						<b>10 407 312</b>

45	CAPITAL COMMITMENTS	2017 R	2016 R
<b>Commitments in respect of capital expenditure:</b>			
Approved and contracted for:			
Total commitments consist out of the following:			
Tender SCM/MSID 57/2014	1 958 627	2 442 212	
Tender SCM/MSID 30/2014	-	176 798	
SCM/37/2016/ENG	-	18 306 631	
SCM/76/2016/ENG	-	1 805 254	
SCM/77/2016/ENG	-	3 447 089	
SCM/79/2016/ENG	-	4 357 465	
SCM/80/2016/ENG	-	4 990 921	
SCM/87/2016/ENG	-	883 146	
SCM/89/2016/ENG	-	431 746	
SCM/90/2016/ENG	-	1 219 894	
SCM/91/2016/ENG	-	1 048 999	
SCM/92/2016/ENG	-	1 283 013	
SCM/93/2016/ENG	-	545 411	
SCM/30/2014/A	-	338 072	
SCM/2017/39/ENG	854 538	-	
SCM/2017/52/ENG	2 293 590	-	
SCM/2017/59/ENG	436 156	-	
SCM/2017/63/ENG	1 430 215	-	
SCM/2017/91/ENG	2 274 246	-	
SCM/2017/95/FIN	903 298	-	
SCM/2017/111/STRAT	2 590 719	-	
This expenditure will be financed from:			
Government Grants and Subsidies	854 537.53	41 276 650	
External Loans	5 663 088	-	
Own Funds	6 223 763	-	
	<b>12 741 388</b>	<b>41 276 650</b>	

#### 46 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

##### (a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

##### (b) Price risk

The municipality is not exposed to price risk.

##### (c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates, based on year end exposure, were as follow:

0.5% Increase in interest rates

(92 851)

(41 766)

0.5% Decrease in interest rates

92 851

41 766

##### (d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 20 and 21 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

Balances past due not impaired:

	2017 %	2017 R	2016 %	2016 R
<b>Non-Exchange Receivables</b>				
Rates and Other Sundry Debtors	47.47%	7 346 005	31.65%	3 580 592
Traffic Fines	52.53%	8 129 972	68.35%	7 734 139
	100.00%	15 475 978	100.00%	11 314 731
<b>Exchange Receivables</b>				
Electricity	40.28%	4 150 561	23.14%	1 283 610
Water	26.30%	2 710 384	17.75%	984 629
Sewerage	3.32%	341 969	-2.26%	(125 429)
Sundries	29.77%	3 068 350	67.00%	3 716 783
Refuse Removal	-0.02%	(2 101)	-6.37%	(353 509)
Housing Rentals	0.35%	35 983	0.75%	41 625
	100.00%	10 305 146	100.00%	5 547 709

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 20 and 21 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime borrowing rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2017 %	2017 R	2016 %	2016 R
<b>Non-Exchange Receivables</b>				
Rates	12.60%	9 485 589	20.02%	11 295 345
Other	0.00%	-	0.00%	-
Traffic Fines	87.40%	65 778 864	79.98%	45 130 066
	100.00%	75 264 453	100.00%	56 425 410
<b>Exchange Receivables</b>				
Electricity	5.17%	3 253 205	7.56%	3 682 602
Water	34.86%	21 923 300	34.01%	16 566 204
Refuse	21.97%	13 818 102	22.80%	11 105 785
Sewerage	33.52%	21 080 251	32.42%	15 789 703
Other	3.34%	2 098 576	1.89%	918 224
Housing Rentals	1.15%	721 560	1.33%	647 023
	100.00%	62 894 994	100.00%	48 709 539

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The entity only enters into non-current investment transactions with major banks with high quality credit standing. An investment to the value of R5 182 465 is held as security for a loan raised with ABSA.

Although the credit risk pertaining to non-current investments are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE. The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment.

	2017 R	2016 R
Financial assets maximum exposure to credit risk at year end is as follows:		
Receivables from exchange transactions	32 929 838	29 666 510
Receivables from non-exchange transactions	22 587 721	17 945 886
Cash and Cash Equivalents	126 055 319	120 963 009
Unpaid conditional grants and subsidies	14 480 577	-
Long-term Receivables	11 248	15 169
	196 064 703	168 590 575

**(e) Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
<b>2017</b>				
Long Term liabilities	34 067 415	115 302 279	71 224 735	3 312 306
Capital repayments	18 536 418	71 347 368	55 537 222	3 065 561
Interest	15 530 997	43 954 911	15 687 513	246 745
Non-Current Provision	-	-	-	-
Trade and Other Payables	58 844 675	-	-	-
Unspent conditional government grants and receipts	2 461 793	-	-	-
	<b>95 373 883</b>	<b>115 302 279</b>	<b>71 224 735</b>	<b>3 312 306</b>
<b>2016</b>				
Long Term liabilities	30 826 061	125 023 887	54 065 540	6 615 143
Capital repayments	16 553 730	77 461 591	40 953 306	5 820 912
Interest	14 272 331	47 562 296	13 112 234	794 230
Non Current Provision	-	-	-	-
Trade and Other Payables	36 230 944	-	-	-
Unspent conditional government grants and receipts	9 747 606	-	-	-
	<b>76 804 612</b>	<b>125 023 887</b>	<b>54 065 540</b>	<b>6 615 143</b>

#### 47 FINANCIAL INSTRUMENTS

In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected below.

47.01 <u>Financial Assets</u>	<u>Classification</u>	2017 R	2016 R
<b>Long-Term Receivables</b>			
House Loans	Financial instruments at amortised cost	11 248	15 169
<b>Receivables</b>			
Receivables from exchange transactions	Financial instruments at amortised cost	32 929 838	29 666 510
Receivables from non- exchange transactions (excluding rates)	Financial instruments at amortised cost	8 469 336	7 737 735
<b>Current Portion of Long-Term Receivables</b>			
Housing Loans		3 921	3 407
<b>Short-term Investment Deposits</b>			
Call Deposits	Financial instruments at amortised cost	53 010 079	103 684 247
<b>Bank Balances and Cash</b>			
Bank Balances	Financial instruments at amortised cost	73 033 220	17 287 242
Cash Floats and Advances	Financial instruments at amortised cost	12 020	11 520
<b>Investments</b>			
	Financial instruments at amortised cost	6 102 365	5 352 171
		<b>173 572 027</b>	<b>163 738 002</b>
<b>SUMMARY OF FINANCIAL ASSETS</b>			
Financial instruments at amortised cost		173 572 027	163 738 002
<b>At amortised cost</b>		<b>173 572 027</b>	<b>163 738 002</b>
<b>FINANCIAL INSTRUMENTS (CONTINUE)</b>			
<b>47.02 <u>Financial Liability</u></b>	<u>Classification</u>		
<b>Long-term Liabilities</b>			
Annuity Loans	Financial instruments at amortised cost	129 987 984	122 273 107
Capitalised Lease Liability	Financial instruments at amortised cost	0	1 962 703
Payables from exchange transactions			
Trade creditors	Financial instruments at amortised cost	50 431 350	28 308 459
Other	Financial instruments at amortised cost	8 413 325	7 922 486
<b>Current Portion of Long-term Liabilities</b>			
Annuity Loans	Financial instruments at amortised cost	16 573 715	14 768 233
Capitalised Lease Liability	Financial instruments at amortised cost	1 962 703	1 785 497
		<b>207 369 077</b>	<b>177 020 484</b>
<b>SUMMARY OF FINANCIAL LIABILITY</b>			
Financial instruments at amortised cost		207 369 077	177 020 484

			2017 R	2016 R
48	<b>STATUTORY RECEIVABLES</b>			
	In accordance with the principles of GRAP 108, Statutory Receivables are classified as follows :			
	<b>Taxes</b>			
	Vat receivable		4 297 914	4 892 657
	<b>Receivables from Non Exchange Transactions</b>			
	Rates		14 118 385	10 208 151
	Fines		8 129 972	7 734 139
49	<b>EVENTS AFTER THE REPORTING DATE</b>			
	No events or circumstances arising after the reporting date have come to the attention of management that would require adjustments to or disclosure in the financial statements.			
50	<b>IN-KIND DONATIONS AND ASSISTANCE</b>			
	None			
51	<b>PRIVATE PUBLIC PARTNERSHIPS</b>			
	Council has not entered into any private public partnerships during the financial year.			
52	<b>CONTINGENT LIABILITY</b>			
	<b>ROBBERT BEACH END HOME OWNERS ASSOSIATION</b>			
	A High Court application was launched by the applicant to set aside the approval of the subdivision of Farm 443/86 by the Municipality. The municipality opposing this application. If the municipality should lose the case, the legal cost of the plaintiff of approximately R150 00 must then be paid by the municipality.			
	<b>MOHALENG MEDIA</b>			
	Litigation was launched by the applicant to claim damages for cancelled communication project. The municipality oppose this application. If the municipality should lose the case, claims of approximately R150 000 must be paid by the municipality.			
	<b>HM HENDRIKZ</b>			
	A High Court application was launched by the applicant to claim damages against the municipality. The municipality is opposing the application. If the municipality should lose the case, the legal cost of the plaintiff of approximately R 35 000 must be paid by the municipality.			
	<b>SANET DIXON AND OTHERS</b>			
	A High Court application was launched by the applicant to claim damages amounted to R4 565 000 against the municipality. The municipality is opposing the application. If the municipality should lose the case, the legal cost of the plaintiff of approximately R 150 000 must be paid by the municipality.			
	<b>L NGOQO</b>			
	Bitou Municipality launched an application for the review of an Arbitration Award to the Labour Appeal Court. The defendant is opposing the application. In the event that the municipality is not succesful in its application, they might be liable for legal cost of approximately R 90 000.			
	<b>JAMES LOOCK N.O. AND OTHERS</b>			
	A High Court application was by the applicant to review and set aside approved building plans. The municipality is opposing the application. In the event that the municipality should lose the case, legal cost of the plaintiff of approximately R150 000 must be paid by the municipality.			
	<b>RENTWORKS</b>			
	A High Court application was by the applicant to claim damages for breach of contract. The municipality is opposing the application. In the event that the municipality should lose the case, legal cost of the plaintiff of approximately R250 000 must be paid by the municipality.			
	<b>NOMATHAMSAQ CORDELIA AND TOBI AND VINCENTMONGEZI SOTYFIA</b>			
	A claim amounted to R2 500 000 for damages linked to injury suffered at New Horizon Play Park			
53	<b>CONTINGENT ASSET</b>			
	<b>MGT TRADING</b>			
	The municipality is the plaintiff against the respondent who has provided professional services by submitting VAT claims to SARS on behalf of the Municipality. SARS assessment indicated an over recovery of R1 600 000 and does the Municipality now claim the amount from the service provider due to their negligent and reckless behaviour which causes the Municipalities damages			
54	<b>RELATED PARTIES</b>			
	Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.			
	The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.			
	<b>54.01 Related Party Loans</b>			
	Since 1 July 2004 loans to councillors and senior management employees are not permitted.			
	<b>54.02 Compensation of key management personnel</b>			
	The compensation of key management personnel is set out in note 29 to the Annual Financial Statements.			

#### 54.03 Related party transactions

Councillors	Rates and Services Levied 1 Jul 16 - 30 Jun 17		Outstanding Balances 30 June 2017	
	R	R	R	R
Councillor M.P. Lobese	10 191		668	
Councillor J Kam Kam	7 466		636	
Councillor A.R. Olivier	-		-	
Councillor W.J. Nel	-		-	
Councillor N.S. Ndayi	6 956		466	
Councillor E.V Wildeman	-		-	
Councillor S.E Gcabayi	6 964		580	
Councillor S.E. Gcabayi	-		-	
Councillor M. M. Mbali	-		-	
Councillor N.C Jacob	4 664		466	
Councillor A.R Olivier	-		-	
Councillor L. M. Seyisi	-		-	
Councillor A.S Windvogel	7 170		-	
Councillor D Swarts	-		-	
Councillor X Matyila	5 174		469	
DJ Friedman				

#### 54.04 Other related party transactions

Company	Description	Relation	Name	State Organ	Designation	Amount
Shelphelt 40 Security	Security Services	Husband	L.B Yonn	SA Police	SAPS Officer	10 261 407
Sports Council	Sport and Recreation	Director	J.Windvogel	Municipality	SCM Practitioner	313 000
Pioneers Cricket club	Sport and Recreation	Member	J.Windvogel	Municipality	SCM Practitioner	18 110
Pioneers Cricket club	Sport and Recreation	Member	C.Koeberg	Municipality	SCM Practitioner	18 110
Sidonela Trading	Construction	Wife	T.W Ngqoleka	Municipality	General Worker	13 200
Emawusheni	Catering	Sister	M. Siko	Municipality	Property Officer	48 966
Emawusheni	Catering	Sister in Law	G.Siko	Municipality	Accountant	48 966
Inyameko	Construction	Father	A. Komeni	Municipality	IDP Clerk	132 705
Shekynach Projects	Construction	Brother	S.Ganga	Municipality	Chief Traffic	466 298
Pikas Tours	Travel	Brother	J. Pika	Municipality	Sports Officer	11 800
Pikas Tours	Travel	Brother	J. Pika	Municipality	Sports Officer	4 644
Potters House	Catering	Sister in Law	J. Pika	Municipality	Sports Officer	29 456
Potters House	Catering	Director	A.Pika	Dept Education	Teacher	29 456
African Community Centre	Sport and Recreation	Chairperson	E.Wildeman	Municipality	Councilor	30 000
Majiri Holdings	Construction	Brother	M.P. Mbali	Municipality	Councilor	34 400
<b>Total</b>						<b>11 460 518</b>

#### 55 Material variances between original and final budget

##### 55.01 Statement of Financial Position

Ref.

The initial Current Assets was underestimated and was then corrected in the Adjustments Budgets. The main reason was the Cash and Cash Equivalent and Inventory that was significantly more at the time of the final 2016 Annual Financial Statements than at the time the original Budget was finalized.

C1

C2 The increase was mainly due to the increase in the Capital Budget.

There was an increase in the current provisions, due to the 2016 Annual Financial Statement Current Provisions being more than anticipated at the time of the Original Budget.

C3

There was an decrease in the Non-current provisions and Non-Current Borrowing, due to the 2016 Annual Financial Statement Non-Current Provisions and Non-Current Borrowing being less than anticipated at the time of the Original Budget.

C4

##### 55.02 Statement of Financial Performance

Revenue :

Ref.

Transfers Recognized - Capital increased as a result of an increase in MIG Funding as well as a roll-over budget for Housing Projects and an adjustment from operating to capital also for Housing Projects.

C5

Transfers Recognized - Operational decreased as a result of an adjustment from operating to capital also for Housing Projects.

C6

C7

C8

C9

The initial Service Charges performance was greater than anticipated and was therefor corrected in the Adjustments Budgets.

Expenditure :

Ref.

C10 Adjustments to Employee related cost was due to a monetorium on the filling of positions. These figures was corrected in the Adjustments Budgets.

C11

No material variance

C12

Due to Savings on th Employee Related Costs, the Repairs and Maintenance shortfalls was adjusted upwards.

C13

No material variance

C14

Adjustments to Bulk Purchase was mainly due to the overperformance of Service charges, which cause a greater demand as well as an underestimation of budget towards the end of the Financial Year.

C15

A major increase in Security Services, Waste Transfer Services, Consultant Fees as well as IT support was the main causes of the budget increases.

C16

The main cause of increase in budget was due to Social Development and Security.

**55.03 Cash flow**

Ref.

Cash from Operating Activities:

C17 The main cause is an increase in Suppliers and Employees due to a decrease in the estimated outstanding Creditors in the Financial Position.

Cash from Investing activities:

C18 The main cause is an increase in Capital Assets due to a increase in the Capital Budget

Cash from Financing Activities:

C19 No material variance

**55.04 Capital Expenditure**

Ref.

C20 The main cause of increase of the Community Services Capital Budget was due to the land purchase for housing project due to additional funding from Department of Housing.

C21 No material variance

**56 Material variances between actual amounts and the final budget**

**56.01 Statement of Financial Position**

Ref.

C1 The main reason was the Cash and Cash Equivalent, Consumers Debtors and Inventory outcomes that was significantly more than estimated, which was mainly due to operational efficiency and savings initiatives

C2 The main cause of the variance on Non-current assets was due to an unexpected correction of error with regards to Investment Property. Also refer to Note 37.06.

C3 There was an unexpected high increase in the trade creditors and well as an unspent portion of Conditional Grants.

C4 No material variance

**56.02 Statement of Financial Performance**

Revenue :

Ref.

C5 No material variance

C6 No material variance

The effect of the change in the basis (assumptions), the effect of allowing for eligible in-service non-members, unexpected increases in the contribution rates, and unpredicted movements in the membership profile, that wasn't expected and thus not budgeted for.

C7 Traffic fines revenue realised unexpectedly higher than anticipated in comparison to prior years performance, because historical data and trend analysis gathered over time was the basis used to ensure more accurate budgeting.

C9 No material variance

Expenditure :

Ref.

C10 No material variance

C11 Due to a change in applying of GRAP 104, no budget provision was made for the bad debts written-off expenditure item.

C12 Due to the reclassification of Repairs and Maintenance Expenditure the Actual Expenditure was added to various other expenditure, but the Budget wasn't reclassified.

C13 Due to changes in the assumptions that was used previously in the actuarial valuation report with regards to Post Retirement Benefits and Long Service Awards, the interest costs was underestimated.

C14 No material variance

C15 No material variance

C16 Due to the reclassification of Repairs and Maintenance Expenditure the Actual Expenditure that was added to this category of expenditure and because the Budget wasn't reclassified.

**56.03 Cash flow**

Ref.

Cash from Operating Activities:

C17 More cash generated and retained through a combination of operational efficiencies, savings and improved revenue collection.

Cash from Investing activities:

C18 The main cause is an underperformance on the Capital Budget that was the main cause for the variance.

Cash from Financing Activities:

C19 No material variance

**56.04 Capital Expenditure**

Ref.

C20 No material variance

C21 Due to an additional Funding Allocation from MIG that could not be fully spent but was applied for to be rolled over to the next financial year, as well as various CRR funded infrastructure projects that underperformed.

APPENDIX A - Unaudited  
 BITOU LOCAL MUNICIPALITY  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2017**

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2016	Correction of errors	Balance at 30 JUNE 2016 Restated	Received during the period	Redeemed/ written off during the period	Balance at 30 JUNE 2017
<b>ANNUITY LOANS</b>									
Development Bank	10.95%	2019/12/31		1 295 000	-	1 295 000	-	370 000	925 000
Development Bank	11.24%	2020/12/31		1 771 580	-	1 771 580	-	393 684	1 377 895
Development Bank	16.00%	2022/12/31		5 356 000	-	5 356 000	-	824 000	4 532 000
Development Bank	9.14%	2017/06/30		2 170 884	-	2 170 884	-	2 170 884	(0)
Development Bank	10.64%	2029/06/30		23 008 538	-	23 008 538	-	350 652	22 157 886
Development Bank	10.72%	2024/06/30		2 025 637	-	2 025 637	-	167 361	1 858 275
Standard Bank	10.56%	2020/06/30		1 556 937	-	1 556 937	-	327 147	1 229 790
Standard Bank	11.45%	2025/06/30		16 209 607	-	16 209 607	-	1 107 951	15 101 656
Standard Bank	11.26%	2021/06/30		10 468 593	-	10 468 593	-	1 669 664	8 798 929
Standard Bank	10.71%	2021/12/31		10 119 301	-	10 119 301	-	1 436 051	8 683 250
Standard Bank	10.86%	2021/12/31		9 788 540	-	9 788 540	-	1 384 173	8 404 366
Standard Bank	10.94%	2023/06/30		9 810 912	-	9 810 912	-	995 452	8 815 460
Standard Bank	10.00%	2018/06/30		511 170	-	511 170	-	242 963	268 206
Standard Bank	11.43%	2024/06/30		10 568 659	-	10 568 659	-	867 123	9 701 535
Standard Bank	11.12%	2019/06/30		2 922 379	-	2 922 379	-	370 645	2 051 733
Nedbank	11.81%	2025/06/30		9 457 606	-	9 457 606	-	627 769	8 829 837
Absa	10.36%	2026/06/30		20 000 000	-	20 000 000	-	1 172 311	18 827 689
Absa	10.04%	2017/2027					24 998 191	24 998 191	
<b>Total Annuity Loans</b>				<b>137 041 340</b>	<b>-</b>	<b>137 041 340</b>	<b>24 998 191</b>	<b>15 477 831</b>	<b>146 561 700</b>
<b>LEASE LIABILITY</b>									
Finance Leases				3 748 200		3 748 200	-	1 766 497	1 962 703
<b>Total Lease Liabilities</b>				<b>3 748 200</b>	<b>-</b>	<b>3 748 200</b>	<b>-</b>	<b>1 785 497</b>	<b>1 962 703</b>
<b>TOTAL EXTERNAL LOANS</b>				<b>140 789 540</b>	<b>-</b>	<b>140 789 540</b>	<b>24 998 191</b>	<b>17 263 328</b>	<b>148 524 403</b>

APPENDIX B - Unaudited  
 BITOU LOCAL MUNICIPALITY  
 SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017  
 MUNICIPAL- VOTES CLASSIFICATION

2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R	2017			2017 Actual Income R	2017 Budget Expenditure R	2015 Budget Expenditure R	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R
			Budget Income R	Actual Income R	Budget Income R					
1112 713 686	(152 100 219)	(39 386 533)	Community Services	153 042 383	144 996 813	(161 862 073)	(160 206 132)	(15 209 320)		
255 156	(25 682 066)	(25 426 910)	Corporate Services	493 239	317 150	(34 821 348)	(32 208 476)	(31 891 326)		
2 493 918	(6 059 449)	(3 565 532)	Council	2 499 000	2 499 000	(6 235 440)	(6 195 864)	(3 696 884)		
132 680 736	(42 691 768)	89 988 968	Financial Services	131 786 412	141 817 277	(77 555 985)	(47 454 036)	94 363 241		
6 199 826	(25 683 571)	(19 483 745)	Strategic Services	14 783 695	8 318 198	(32 996 574)	(30 440 289)	(22 122 090)		
29 802 720	(21 240 624)	8 562 096	Office of the Municipal Manager	29 631 588	30 197 727	(26 330 087)	(25 474 656)	4 723 071		
274 129 153	(208 532 884)	65 596 269	Municipal Services and Infrastructure Development	309 854 849	300 290 668	(255 591 781)	(238 012 562)	62 278 106		
<b>558 275 196</b>	<b>(481 990 581)</b>	<b>76 284 614</b>	<b>Sub Total</b>	<b>612 091 166</b>	<b>628 436 832</b>	<b>(595 393 288)</b>	<b>(539 992 034)</b>	<b>88 444 798</b>		
			Less Internal charges	(45 001 356)	(11 492 210)	45 001 356	11 492 210			
<b>558 275 196</b>	<b>(481 990 581)</b>	<b>76 284 614</b>	<b>Total</b>	<b>597 089 810</b>	<b>616 944 623</b>	<b>(550 391 932)</b>	<b>(528 499 325)</b>	<b>88 444 798</b>		
						103.33%	96.02%			

**APPENDIX B (1)- Unaudited**  
**BITOU LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017**  
**MUNICIPAL SUB-VOTES CLASSIFICATION**

2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R	2016			2017			2017		
			Budget Income R	Actual Income R	Surplus/ (Deficit) R	Budget Expenditure R	Actual Expenditure R	Surplus/ (Deficit) R	Budget Income R	Actual Income R	Surplus/ (Deficit) R
27 264	(223 196)	(195 993)	Parks and Recreation: Cemeteries	33 843	29 950	(751 867)	(230 350)	(200 400)	(1 429 493)	(1 429 493)	
-	(1 392 478)	(1 392 478)	Parks and Recreation: Manager	512 494	-	(1 514 996)	(1 429 493)	(2 869 562)	(3 053 733)	(1 604 317)	
163 709	(2 956 110)	(2 832 341)	Parks and Recreation: Simunye Centre	184 170	184 171	(3 556 897)	(2 526 793)	(17 473)	(1 604 317)	(1 604 317)	
-	(1 579 020)	(1 579 020)	Planning & Economic Development	1 064 203	-	(2 479)	(16 450)	(163)	(17 473)	(17 473)	
-	(16)	(16)	Planning & Project Management	-	-	(4 368 636)	(4 352 181)	(1 598 181)	(4 352 181)	(1 598 181)	
-	18	18	PMS/SDBP/Compliance	-	-	(7 637 276)	(5 912 347)	(5 912 347)	(1 131 525)	(1 131 525)	
765 327	(1 237 300)	(472 433)	Proclaimed Roads	2 976 197	2 754 000	(9 835 820)	(7 625 173)	(7 625 173)	(17 860 568)	(17 860 568)	
-	(4 317 197)	(4 317 197)	Project Facilitation	1 512 979	-	(2 043 848)	(2 043 848)	(2 043 848)	(2 001 600)	(2 001 600)	
105 755	(8 097 390)	(7 992 135)	Protection Services: Fire Dept	5 038 651	1 384 655	(2 043 848)	(2 043 848)	(2 043 848)	(2 985 119)	(2 985 119)	
-	(14 377 691)	(14 377 691)	Protection Services: Law Enforcement	2 704 557	-	(10 354 814)	(10 354 814)	(10 354 814)	(10 330 904)	(10 330 904)	
-	(1 847 444)	(1 847 444)	Protection Services: Manager	365 261	-	(83 004)	(83 004)	(83 004)	(83 004)	(83 004)	
-	(28 647 923)	(2 149 729)	Protection Services: Traffic	28 327 758	30 908 628	(112 376 508)	(22 626 649)	(22 626 649)	(24 020 532)	(24 020 532)	
26 498 194	(7 173 480)	(7 052 086)	Revenue Services	29 861	23 911	(1 132 567)	(1 132 567)	(1 132 567)	(1 636 525)	(1 636 525)	
121 363	(136 155)	(138 155)	Revenue Services : Meter Reading	-	-	(115 797)	(115 797)	(115 797)	(1 217 254 467)	(1 217 254 467)	
-	(2 774 424)	(18 937 624)	Revenue Services : Property Rates	8 738 607	20 000	(24 020 532)	(24 020 532)	(24 020 532)	(24 381 984)	(24 381 984)	
115 254 703	(18 937 624)	(18 937 624)	Roads , Stormwater & Buildings	437 704	-	(442 500)	(450 848)	(450 848)	(4 982 970)	(4 982 970)	
-	(1 411 871)	(1 411 871)	Sport&Public Facilities Main	138 672	-	(4 915 977)	(4 915 977)	(4 915 977)	(4 098 074)	(4 098 074)	
-	(404 635)	(404 635)	Strategic Services	800 294	884 896	(6 867 435)	(5 774 988)	(5 774 988)	(4 331 209)	(4 331 209)	
304 473	(4 004 971)	(3 700 493)	Supply Chain Management	1 167 871	-	(4 673 854)	(4 673 854)	(4 673 854)	(4 364 747)	(4 364 747)	
-	(5 149 501)	(5 149 601)	Tourism & Marketing	2 187 601	466 462	(41 508 932)	(33 841 304)	(33 841 304)	(161 876)	(161 876)	
-	(3 674 474)	(3 128 053)	Town Planning & Environmental	31 924 393	34 003 179	(20 697 502)	(20 681 400)	(20 681 400)	(29 245 095)	(29 245 095)	
546 420	(27 382 564)	(2 015 452)	Waste Management	51 188 260	49 926 495	(3 676 041)	(3 226 553)	(3 226 553)	(26 581 399)	(26 581 399)	
29 399 017	(19 227 432)	29 589 698	Waste Water Purification	-	-	(11 351 845)	(11 067 621)	(11 067 621)	(11 031 932)	(11 031 932)	
48 817 129	(3 044 595)	(3 044 595)	Waste Water Reticulation	86 036 145	86 152 175	(25 670 596)	(25 670 596)	(25 670 596)	(59 570 777)	(59 570 777)	
77 717 741	(24 512 352)	53 205 389	Water Services: Water Distribution	35 689	-	(11 351 845)	(11 067 621)	(11 067 621)	(11 031 932)	(11 031 932)	
29 818	(9 406 435)	(9 376 618)	Water Services: Water Purification	-	-	(53 992 034)	(53 992 034)	(53 992 034)	88 444 798	88 444 798	
558 275 196	(481 990 581)	76 284 614	Sub Total	628 091 166	628 436 832	(11 492 210)	45 001 356	45 001 356	11 492 210	11 492 210	
			Less Internal charges	(45 001 356)	(45 001 356)						
			Total	597 089 810	616 944 623	(550 391 932)	(528 499 825)	(528 499 825)	88 444 798	88 444 798	
				103 33%	103 33%				96.02%	96.02%	

**APPENDIX C - Unaudited**  
**BITOU LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R	2017		2015 Budget Expenditure R	2017 Actual Income R	2017 Budget Expenditure R	2017 Surplus/ (Deficit) R
			Budget Income	2017 Actual Income R				
32 296 637	(29 744 329)	2 552 309	32 130 588	32 696 727	(38 895 457)	(37 676 077)	(4 979 349)	
132 664 491	(34 579 251)	98 085 240	131 786 412	141 697 765	(66 381 033)	(38 724 217)	102 973 548	
1 660 239	(35 050 422)	(33 390 182)	2 491 733	2 240 552	(43 587 499)	(38 040 947)	(35 800 395)	
2 840 008	(12 351 310)	(9 511 302)	7 503 623	3 021 088	(16 461 035)	(15 675 153)	(12 654 065)	
10 885 985	(18 162 607)	(7 276 621)	11 199 588	10 756 274	(20 302 709)	(18 629 796)	(7 873 522)	
45 126 287	(36 423 610)	8 702 678	65 775 223	67 525 679	(24 788 999)	(26 037 394)	41 488 285	
26 603 949	(52 970 948)	(26 366 999)	36 436 227	32 293 283	(57 853 703)	(64 694 292)	(32 401 010)	
698 447	(18 513 416)	(17 814 968)	7 706 952	4 18 398	(19 245 795)	(18 945 797)	(18 527 400)	
29 399 017	(27 382 564)	2 016 452	31 924 393	34 003 179	(41 508 932)	(33 841 304)	161 876	
48 817 129	(22 272 027)	26 545 103	51 188 260	49 926 495	(24 373 543)	(23 907 952)	26 018 542	
769 543	(29 951 462)	(29 181 914)	12 349 598	3 091 792	(43 707 376)	(39 146 660)	(36 054 868)	
77 747 559	(38 235 984)	39 511 575	87 549 124	86 187 864	(44 659 717)	(43 561 366)	42 626 498	
146 794 916	(118 073 411)	28 721 505	158 767 867	161 084 517	(142 851 145)	(131 396 583)	29 687 933	
1 970 931	(8 279 240)	(6 308 259)	5 281 578	3 493 220	(10 776 345)	(9 714 497)	(6 221 277)	
558 275 196	(481 990 581)	76 284 614	<b>Sub Total</b>	642 091 166	628 436 832	(595 393 288)	(539 992 034)	88 444 798
(4 409 890)	4 409 890		Internal charges	(45 001 356)	(11 492 210)	45 001 356	11 492 210	
553 865 306	(477 580 691)	76 284 614	<b>Total</b>	597 089 810	616 944 623	(550 391 932)	(528 499 825)	88 444 798
					103.33%		-96.02%	

## APPENDIX D LOCAL MUNICIPALITY

**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 1 JULY 2016		Correction of error		Balance 1 JULY 2016		Grants Received	Grants Adjustments	Operating Expenditure during the year	Expenditure during the year	Transferred to Revenue	Balance 30 JUNE 2017
	R	R	R	R	R	R						
<b>UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS</b>												
<u>National Government Grants</u>												
Equitable Share	2				-	2	64 235 000		64 235 000	23 400 211		2 281 791
MIG Grant					-	25 682 000	8 000 000			8 000 000		(0)
National Electrification Programme					-		-					
ACIP					-		-					
Drought Relief Grant					-							
Municipal Systems Improvement Grant					-		1 475 000		1 475 000			
Financial Management Grant					-							
Escom Demand Side Management (EDSM)					-		1 869 000		1 869 000			
EPWP					-							
<b>Total National Government Grants</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>101 261 000</b>				<b>67 579 000</b>	<b>31 400 211</b>		<b>2 281 791</b>
<u>Provincial Government Grants</u>												
Provincial Management Support Grant							340 000		220 000			120 000
Community Development Workers							19 000		19 000			0
Libraries							1 604 000		1 860 136			0
Provincial Housing Grant							43 893 012		20 253 292			(14 480 576)
Proclaimed Roads Maintenance							2 754 000		2 754 000			-
Municipal Replacement Grant							8 226 000		6 868 187			(0)
Emergency Funding N.D.M.C							32 447		9 704			0
Thusong Grant									1 645 118			-
LGSETA									22 743			-
Service Delivery and Capacity Building									100 000			-
Graduate Internship Grant									317 150			-
									200 000			-
									500 001			(1)
									317 150			60 000
<b>Total Provincial Government Grants</b>	<b>9 747 603</b>	<b>-</b>	<b>9 747 603</b>	<b>58 013 162</b>					<b>32 601 468</b>	<b>2 459 872</b>		<b>(14 300 576)</b>

Grant Description	Balance 1 JULY 2016	Correction of error	Balance 1 JULY 2016	Grants Received	Grants Adjustments	Operating Expenditure during the year	Capital Expenditure during the year	Balance 30 JUNE 2017
<b>District Municipality Grants</b>								
Internal Audit	-	-	-	-	-	-	-	-
Total District Municipality Grants	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>9 747 606</b>	-	<b>9 747 606</b>	<b>159 274 162</b>	-	<b>100 180 468</b>	<b>80 860 083</b>	<b>(12 018 783)</b>
<b>Public Grants</b>								
Social Responsibility	104 051	-	104 051	(104 051)	-	-	-	-
LED Strategy (DC)	-	-	-	-	-	-	-	-
Upgrade Kwano Sportfield	-	-	-	-	-	-	-	-
Alien Vegetation (Std Bank)	-	-	-	-	-	-	-	-
Fire Disaster	(603 466)	(603 466)	272 196	1 730 908	1 899 053	182 634	944 808	272 196
SASSA	(499 415)	(499 415)	1 730 908	1 899 053	1 899 053	182 634	944 808	(0)
Total Other Grant Providers	-	-	-	-	-	-	-	-
<b>Total</b>	<b>9 248 191</b>	-	<b>9 248 191</b>	<b>161 173 215</b>	-	<b>100 363 102</b>	<b>81 804 891</b>	<b>(11 746 587)</b>

## Annexure B

### Report of the Auditor General

# Report of the auditor-general to the Western Cape Provincial Parliament and the council on the Bitou Municipality

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Bitou Municipality set out on pages 3 to 77, which comprise the statement of financial position as at 30 June 2017, the statement of financial performance, statement of changes in net assets, cash flow statement and budget comparisons for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Bitou Municipality as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2016 (Act No. 3 of 2016) (DoRA).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### **Restatement of corresponding figures**

7. As disclosed in note 37 to the financial statements, the corresponding figures for 30 June 2016 have been restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2017.

### **Material impairments**

8. As disclosed in note 20 to the financial statements, the municipality provided for the impairment of receivables from exchange transactions amounting to R62,9 million (2015-16: R48 million).
9. As disclosed in note 21 to the financial statements, the municipality provided for the impairment of receivables from non-exchange transactions amounting to R75,3 million (2015-16: R56,4 million).

### **Other matters**

10. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### **Unaudited supplementary schedules**

11. The supplementary information set out on pages 78 to 84 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

### **Unaudited disclosure notes**

12. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion thereon.

### **Responsibilities of the accounting officer**

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
14. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

## **Auditor-general's responsibilities for the audit of the financial statements**

15. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

### **Report on the audit of the annual performance report**

#### **Introduction and scope**

17. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected strategic objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
18. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
19. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected strategic objectives presented in the annual performance report of the municipality for the year ended 30 June 2017:

<b>Strategic objectives</b>	<b>Pages in the annual performance report</b>
Strategic objective 2: to be a financially viable institution geared to provide affordable and sustainable services to the clientele of Bitou Municipality	9 – 11
Strategic objective 4: to ensure efficient and affordable basic services to all residents of Bitou	12 – 15

20. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
21. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following strategic objectives:
  - Strategic objective 2: to be a financially viable institution geared to provide affordable and sustainable services to the clientele of Bitou Municipality
  - Strategic objective 4: to ensure efficient and affordable basic services to all residents of Bitou

## **Other matters**

22. I draw attention to the matters below.

### **Achievement of planned targets**

23. Refer to the annual performance report on pages 6 to 15 for information on the achievement of planned targets for the year and explanations provided for the under- or overachievement of a number of targets.

### **Adjustment of material misstatements**

24. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of strategic objective 2: to be a financially viable institution geared to provide affordable and sustainable services to the clientele of Bitou Municipality, and strategic objective 4: to ensure efficient and affordable basic services to all residents of Bitou. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

## **Report on the audit of compliance with legislation**

### **Introduction and scope**

25. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

26. The material findings on compliance with specific matters in key legislation are as follows:

#### Expenditure management

27. Effective steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The value of R16,781 million as disclosed in note 43.03 was not complete, as management was still in the process of quantifying the full extent of the irregular expenditure. The majority of the disclosed irregular expenditure was caused by the procurement of goods and services without inviting competitive bids, contrary to the Municipal Supply Chain Management Regulations, 2005 (SCM) regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1).

#### Procurement and contract management

28. Some goods and services with a transaction value below R200 000 were procured without obtaining the required price quotations, in contravention of SCM regulation 17(a) and (c).

29. Some goods and services with a transaction value above R200 000 were procured without inviting competitive bids, contrary to SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1). Similar non-compliance was also reported in the prior year.

30. Bid documentation for the procurement of some of the commodities designated for local content and production did not stipulate the minimum threshold for local production and content, as required by the Preferential Procurement Regulations, 2011, regulation 9(1).

#### Other information

31. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report thereon and those selected strategic objectives presented in the annual performance report that have been specifically reported on in the auditor's report.

32. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

33. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected strategic objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
34. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and if I conclude that it contains any material misstatements, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. If it is corrected, however, this will not be necessary.

#### **Internal control deficiencies**

35. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

#### **Leadership**

36. Leadership did not effectively monitor the implementation of action plans in a timely manner to address weaknesses previously reported in the area of supply chain management which led to material non-compliance in the current year.

#### **Financial and performance management**

37. Management did not have effective processes implemented to monitor and review existing internal controls to ensure compliance with the prescribed supply chain management legislation.

#### **Other reports**

38. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

39. An independent consultant investigated allegations of the possible misappropriation of the municipality's assets at the request of the municipal council, which covered several financial periods. The investigation concluded on 10 July 2017 and resulted in several recommendations being made to the municipal manager.

Auditor-General

Cape Town

30 November 2017



*Auditing to build public confidence*

## Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected strategic objectives and on the municipality's compliance with respect to the selected subject matters.

### Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in the auditor's report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control.
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
  - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the municipality's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a municipality to cease to continue as a going concern.
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

## **Communication with those charged with governance**

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.